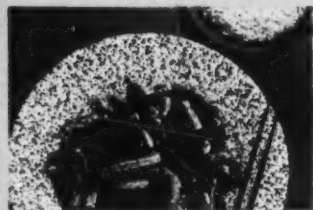


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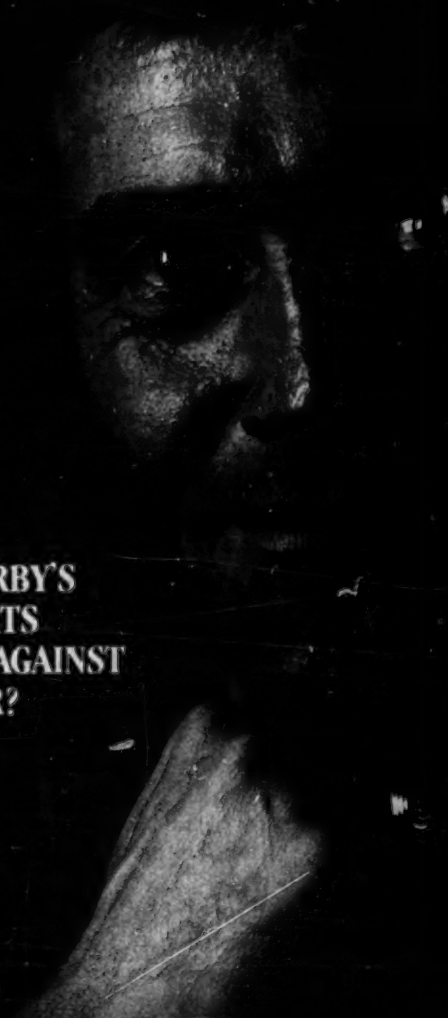
NOVEMBER 13, 1989

A Cahners publication serving the total foodservice industry

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CAN FORMER ARBY'S
CEO LEN ROBERTS
WIN HIS FIGHT AGAINST
VICTOR POSNER?





*Restaurants & Institutions:
winner of more Neal Awards
than any other
foodservice magazine.*

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(L.) Pork medallions with onions and carrots on a field of green.

MARKET TRENDS

■ DATA DIGEST

Ample Poultry, Meat Supply Means Lower Prices in 1990

The outlook is bright for red meat and poultry supplies in 1990, according to a late-summer report issued by the U.S. Department of Agriculture. Broiler chicken production, in particular, is expected to increase 7%-8%, resulting in price declines of 8%-10%.

Wholesale broiler prices fell below 1988 levels for the first time in July, averaging 62 cents a pound. The USDA expects prices to average only 49-55 cents a pound during 1990. If the increase in production occurs, per-capita broiler consumption will increase to about 70 pounds, up from an estimated 65 pounds in 1989.

Red meat production is expected to decline slightly in 1990, but lower feed costs (the result of improved weather this year compared to last) will mean only modest price increases for cattle and hogs. In addition, next year's forecast of 22.8 billion pounds of beef (up about 1% from 1989) will have to compete with larger total meat supplies, which could lead to greater price sensitivity. The USDA predicts retail prices

for Choice beef might rise only about 1% next year.

Other production and price forecasts include: pork, production down 1%, retail prices up from \$1.80 a pound this year to \$1.82-\$1.85; lamb and mutton, production unchanged, prices up slightly, particularly in late March and early April when the spring religious holidays occur; veal, production unchanged; turkey, production up 7%, prices down from 66-68 cents a pound to 58-64 cents a pound; eggs, production up 2%, prices down to 62-68 cents a dozen from 75-77 cents a dozen this year.

College Students Rate Fruit, Vegetables Tops

The stereotypical college student who skips meals and survives on strong black coffee, beer and junk food is just that—a stereotype. A recent poll of more than 6,000 college students nationwide reveals that the majority are

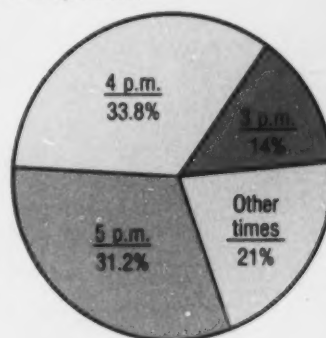
concerned about health and nutrition, a recent poll shows.



HOW EARLY ARE EARLY BIRDS?

"Early bird" specials, designed to draw in patrons prior to the traditional dinner-time rush, start as early as 3 p.m.

% of operations



Source: Florida Restaurant Association.

concerned about health and nutrition.

The poll, conducted by a manufacturer of frozen fruit bars, queried students about their dietary habits, including the number of meals and snacks they eat each day and how frequently they exercise. The findings show that more than 80% of the students eat at least two meals a day, with 42% saying they eat three meals and almost 14% saying they eat four or more meals. Nearly 70% of the students polled say that they snack at least once during the day.

When asked to rate the importance of the various food groups in their diet, the students rated fruits and vegetables highest, followed by meat, breads, milk and dairy products, sugar and caffeine. As for exercise, 60% say they exercise daily and nearly 90% say they exercise at least once a week.

'Early Bird' Specials Boost Traffic for 77%

With the aging of the U.S. population, restaurateurs across the country might do well to follow the lead of Florida restaurants, which for many years have catered to that state's elderly. A survey by the Florida Restaurant Association shows that 77% of the restaurants offering reduced-price meals during the early dinner hour, or "early bird" specials, have increased customer counts as a result. Just more than half of the

MARKET TRENDS

association's members offer early bird specials.

More than 11% say that traffic is up 26%-30% as a result of the specials, while about 26% say it is up between 11% and 25%. Those offering early bird dinners, which typically start at 4 p.m. or 5 p.m., say they also help boost traffic during regular hours by increasing word-of-mouth advertising.

Most restaurants report that they do have a different menu during the special hours, but more than half say they do not vary their portion sizes. In addition, 85% say they offer the discounted meals on weekends as well as weekdays. Check averages are considerably lower, \$7.46 during early bird hours com-



People over 55 account for more than half of the customers during "early bird" hours, a Florida Restaurant Association survey shows.

pared to \$9.83 during regular hours, but that difference is usually offset by the increased business generated, both during the early bird hours and regular hours.

C-Stores Still Moving into Foodservice

Convenience stores continue to move into foodservice, but the aggressive expansion of the mid-'80s appears to be tapering off. A state-of-the-industry report issued by the National Association of Convenience Stores shows that the number of stores offering foodservice was up only 6% from 1987 to 1988, compared with a whopping 77% increase from 1984 to 1985.

About 83% of all c-stores, nearly 57,500, offer foodservice, compared with only 15,800, or 33%, in 1981. The stores appear to be keeping with the basics, however, as only 3% say they offer fried chicken, down from 4% in

1987, and only 4% offer pizza, down from 7% the previous year.

C-store owners spend an average of \$21,300 on fast-food equipment when opening a new urban store, or slightly more than 10% of their total equipment package.

Which States Get More Federal Commodities?

Donated federal commodities play the biggest role in states with small populations and school enrollments, an analysis by the Report on Institutional Foodservice newsletter shows. Alaska tops the list, with 41.5% of its total food dollars coming from commodities. Other small-population states with a high percentage of commodities are Washington, D.C. (38.9%), Maine (37.1%), Montana (35.8%), and South Dakota (32.9%).

The newsletter also calculated the amount spent on each pupil per year for foodservice. The average was \$92 a student, with the high ranging from \$134 in Georgia to a low of \$46 in Rhode Island. The top 10 states in total food dollars spent (including donated commodities) are: California, \$409.5

million; Texas, \$366.6 million; New York, \$303.5 million; Pennsylvania, \$197.6 million; Illinois, \$194.3; Florida, \$193.1 million; Ohio, \$183.3 million; Georgia, \$167.1 million; Michigan, \$125.5 million and North Carolina, \$125.1 million.

Employee Satisfaction Declines from '70s

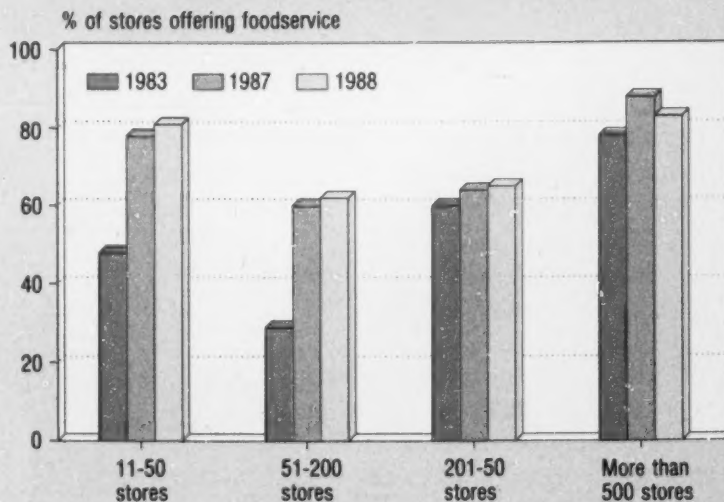
Employees are taking less satisfaction in all aspects of their jobs than they were 16 years ago, according to a recent survey by the Roper Organization. When asked, "What parts of your job do you find completely satisfying?", only one answer scored better than a 40% consensus, compared to four answers in 1973. Of the 1,200 respondents, 41% said they were completely satisfied with the people they work with, down from 50% in 1973.

One-third cited the number of hours they work and the importance of their work to society, down from 46% and 42%, respectively. Salary and benefits also are losing ground. Only 28% reported complete satisfaction with benefits and just 17% with income.

—Maureen Pratscher

CONVENIENCE STORES CONTINUE TO ADD FOODSERVICE

Eighty-three percent of all c-stores offer some sort of foodservice, up from 80% in 1987. The biggest growth has come in the smaller chains, as the number of stores in those chains offering foodservice has nearly doubled in the past five years.



Source: National Association of Convenience Stores, 1989 Fact Book.

ACTION EXPRESS

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Sales: \$230 Billion
Real Growth: +1.7%

*Supermarkets, Catering
To Make Big Gains*

UNDER THE SILVER DOME

20

TOP TRENDS FOR 1990

Show Biz Chefs... Hot Ethnics
Soup's On... Folk Foods
Culinary Glasnost

◁ CHICKEN &
DUMPLINGS:
A CONTEMPORARY
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More Inside!
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In this special issue, *R&I* projects the growth of sales and units of all segments in the foodservice universe. Real growth for the industry at large is 1.7%, up from 1.1% in 1989. In 1990: The commercial world gets tough in its strategies for filling restaurants and banquet rooms with customers; institutions find new sources of revenue.

Full service: casual, family segments up.

Fast food: too many seats, fewer patrons.

Hospitals: taking the cure with takeout.

Schools: commodities short, prices up.

Colleges: graduating into catering.

Employee feeding: building banquet business as extra revenue source.

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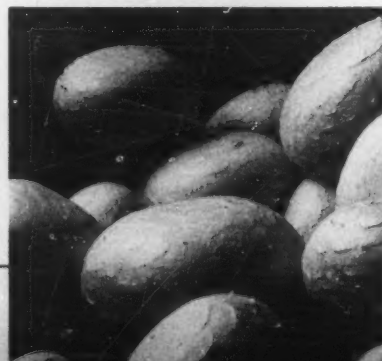
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R&I FORUM



SCHOOLS AGLOW

Just a few lines to thank Mike Bartlett for his Oct. 2 Viewpoint ("Go, Glow and Grow," p. 18).

I was deeply moved by your sensitivity in describing members of the American School Food Service Association.

School foodservice personnel do not receive many accolades. I plan to share your kind words with the 1,000 dedicated employees in our school district. I know they will be pleased.

Jane Wynn, director, School Food Service Department, The School Board of Broward County, Fla.

ON ADA SUPPLEMENT

I would like to thank the staff of *Restaurants & Institutions* for the supplemental issue on dietitians and the American Dietetic Association. The magazine was a hot topic of conversation at our recent meeting in Kansas City.

Lou L. Hall, R.D., Pauls Valley, Okla.

LETTERS

On Absenteeism

After reading the article entitled "Operators Work to Bring Absenteeism Under Control" (Oct. 2, p. 28), I felt my viewpoint was misconstrued.

The comment, "Hayward, on the other hand, does not believe in incentives," is totally inaccurate. As a matter of record, we too at Lutheran General Hospital have an incentive plan for employees showing up to work. After accumulating over 300 PTO hours (Paid Time Off hours, which include sick days, holidays and vacations) in one year, the employee is entitled to a paycheck of any hours not used.

I do believe, however, that a fair and appropriate attendance and tardiness policy is the basis in making an incentive program effective. If the basic policy is so lenient that it is expected of the employee to be late or tardy 24 times per year, how can we as managers effectively run our business?

Furthermore, this type of leniency exhibits to the employee the management's lack of confidence in their reliability. Managers need to set expectations for the employees in order for the employee to meet the needs of the business. As long as these expectations are fair and consistent, and the employee is treated with respect, all players become winners.

Barbara A. Hayward, director, Food and Nutrition Services, Lutheran General Hospital, Park Ridge, Ill.

From Arby's Ex-Chief

Your coverage of the Arby's situation in the Nov. 13 issue ("Arby's: The \$200 Million Question," p. 40) was spectacular. Do I sound biased? I am. But for the first time since this whole ordeal began to unfold, a medium of the media has dared to take a strong stand. That takes courage.

This issue has been a much needed shot—not only in my arm but in the arms of the hundreds of employees at Arby's Inc. and Arby's Franchise Association who comprise the Arby's family. They are struggling daily to keep this great company moving ahead during these difficult times.

Again, please accept my thanks and congratulations. For so many of us, your in-depth coverage on Arby's has

rekindled an already flaming passion. Leonard H. Roberts, president, A.P. Associates Inc., Atlanta

ATTENTION OPERATORS: *R&I* Forum welcomes your comments. Send letters to: The Editor, *Restaurants & Institutions*, 1350 E. Touhy Ave., Des Plaines, Ill. 60017. Or fax your letter to us at (312) 635-6856.

Take Note . . .

In the Institutional Giants article ("Giants Step Forward," Oct. 16, p. 66), Brigham Young University, Provo, Utah, should be ranked third in the college segment. The university reports food and beverage purchases of \$9.5 million, with 33,000 meals served each day.

In the same article (p. 70), Edward Carson Beall & Associates, Torrence, Calif., was responsible for the design of the Las Flores dining facility at the Camp Pendleton Marine Base. Also on p. 70, the F&B purchase total for Army and Air Force Exchange Service should read \$206 MM.

The design of the foodservice operations featured in the story entitled "New Cafeteria Designs Drive Ford Foodservice," which was contained in the supplement for *R&I* prepared for the Society for Foodservice Management Conference (Oct. 14), was done by The Hysen Group, Livonia, Mich.

The cover story on Arby's (Nov. 13, p. 40) incorrectly stated the number of franchisees who both sit on the Arby's Franchise Association board and are part of R.B. Partners. The correct figure is four. Those franchisees are Pat Bailey, Robert Davis, William DeWitt and Michael Schulson.

On p. 92 of the Oct. 2 issue featuring "Hot Prospects: 1990 Growth Companies," Schlotsky's average ticket price should have been listed as \$4.10.

On p. 92 of the Oct. 30 issue, the resources listed for setting up an employee assistance program should have identified the National Restaurant Association's address as 1200 Seventeenth Street, N.W., Washington, D.C. 20036-3097.

R&I EXCLUSIVE

FOODSERVICE MARKET

F

oodservice will move out of slow-growth period into more prosperous decade.

Prague, Leipzig and Warsaw might not be immediate markets for U.S. foodservice companies looking overseas, but recent events in such places prove that anything can happen. It is tantalizing to think that similar revolutions await the industry in 1990 and beyond. However, immediate indicators say growth and change will mirror the American rather than the international economy.

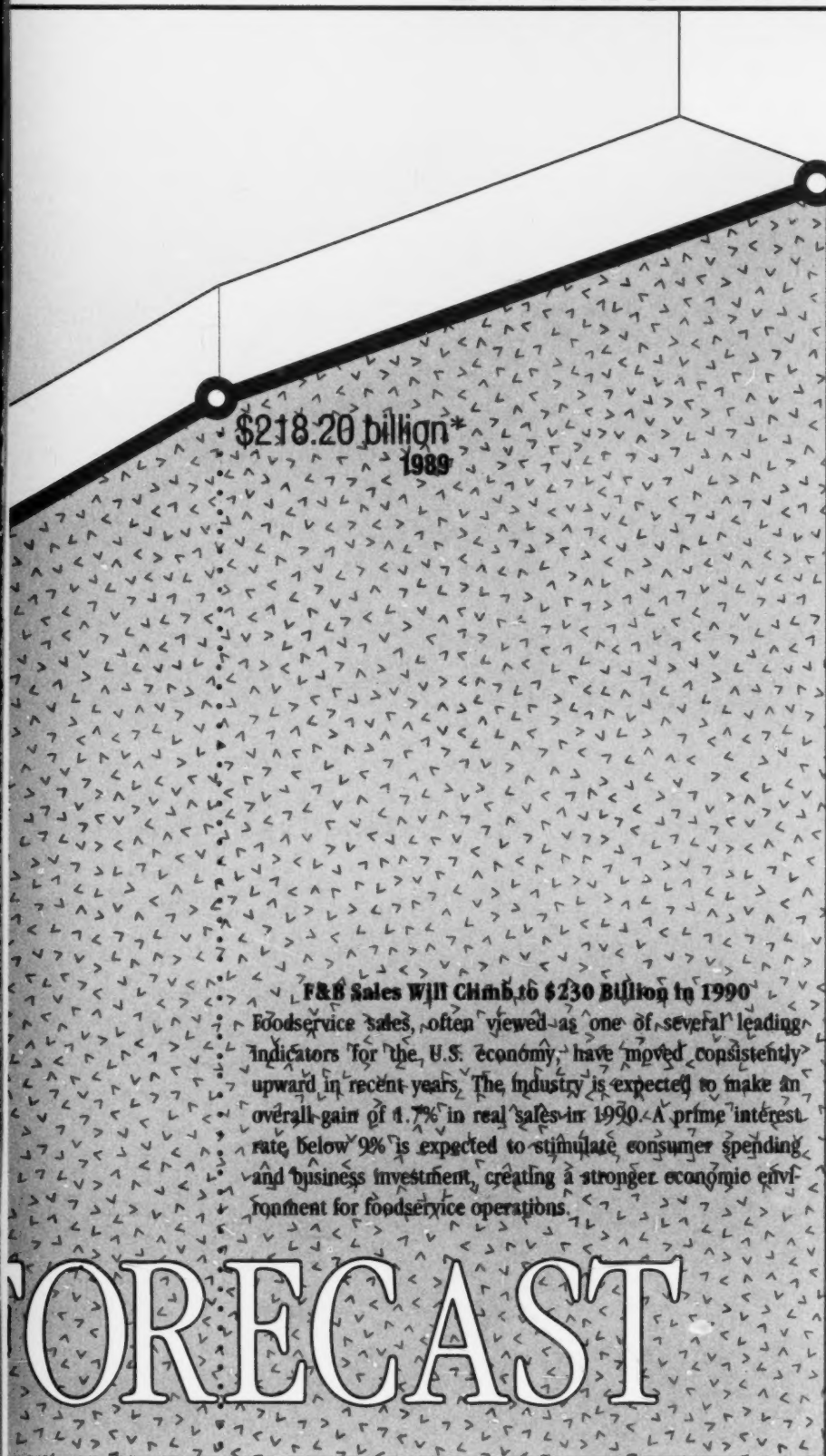
R&I's Bureau of Foodservice Research predicts that the industry will reach total sales of \$231 billion on real growth of +1.7%. This is a net gain of more than \$12 billion, the same as for 1989. Furthermore, comparing the

continued on page 23

\$194.30 billion
1987

\$206.51 billion
1988

1990 ANNUAL



\$230.91 billion**
1990

ABOUT *R&I*'S 1990 FORECAST

Restaurants & Institutions' Annual Market Forecast is compiled by the magazine's Bureau of Foodservice Research with the Cahners Department of Economics.

The forecast is based on a variety of macroeconomic indicators, including consumer spending, employment and the prime rate, as well as foodservice-specific trends, such as the Consumer Price Index for food away from home. Sales figures for 1989 have been revised from those published in *R&I*'s 1989 Forecast to reflect what actually occurred in the marketplace during the year. Therefore, real growth figures are based on revised sales figures.

In the institutional segments, figures are calculated as commercial sales equivalents, based on food purchases. Food contractor sales are included in the segment where they occur.

Copies of the *Restaurants & Institutions 1990 Foodservice Forecast*, prepared by the Cahners Bureau of Foodservice Research, are available for \$45 from the Research Department. To order, write or call: Christine Campagna, Bureau of Foodservice Research, Cahners Plaza, 1350 East Touhy Ave., Des Plaines, Ill. 60017; (708) 635-8800.

F&B Sales Will Climb to \$230 Billion in 1990
Foodservice sales, often viewed as one of several leading indicators for the U.S. economy, have moved consistently upward in recent years. The industry is expected to make an overall gain of 4.7% in real sales in 1990. A prime interest rate below 9% is expected to stimulate consumer spending and business investment, creating a stronger economic environment for foodservice operations.

FORECAST

1990 ANNUAL FORECAST

COMMERCIAL SEGMENTS	1990 Sales (\$ billion)	1990 Real Growth	1995 Real Growth	2000 Real Growth	1990 Market Share	Units
 FULL SERVICE	\$78.90†	1.7%	3.0%	2.6%	34.2%	162,280†
 FAST FOOD	63.73	2.2	3.0	2.6	27.6	156,650
 LODGING	8.90	0.8	0.8	0.5	3.9	25,600
 RETAIL	2.92	0.3	0.2	0.3	1.3	29,000
 SUPERMARKETS	3.14	8.4	6.5	4.0	1.4	15,000
 RECREATION	2.87	2.1	1.5	1.7	1.2	25,500
 C-STORES	2.54	4.1	3.0	1.5	1.1	57,000
 CATERING	2.42	8.2	7.2	6.0	1.0	5,237
TOTAL	165.43	2.1%	2.6%	2.4%	71.6%	408,297
INSTITUTIONAL SEGMENTS	1990 Sales (\$ billion)	1990 Real Growth	1995 Real Growth	2000 Real Growth	1990 Market Share	Units
 EMPLOYEE FEEDING	\$16.19	0.9%	0.9%	1.3%	7.0%	16,000
 SCHOOLS	13.26	1.1	1.2	1.3	5.7	89,000
 HOSPITALS	10.77	0.1	-0.1	0.0	4.7	6,985
 COLLEGES & UNIVERSITIES	7.22	0.0	0.1	0.2	3.1	3,350
 MILITARY	5.57	0.1	0.1	0.2	2.4	3,320
 NURSING HOMES	3.79	2.1	2.2	2.4	1.6	14,925
 TRANSPORTATION	3.15	1.7	1.5	1.3	1.4	155
 DAY CARE	2.42	2.4	2.4	1.8	1.0	40,000
 ELDER CARE	0.00	0.0	0.0	0.0	0.0	0
TOTAL††	65.00	1.1%	1.1%	1.1%	3.4%	150,000

† Excludes separate drinking places. †† Includes "other" institutional foodservice, consisting primarily of fraternal clubs, prisons and recreational camps; this category has a 1% market share. Source for unit figures (1989): Technomic Inc. ©1990 Restaurants & Institutions, a Cahners publication.

Hot segments to watch: catering, casual theme-restaurant chains, contractors, supermarkets.

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projection for 1990 to R&I sales figures for 1980 (revised in 1981 to \$115 billion) reveals that foodservice dollar volume roughly doubled over the decade of the '80s.

R&I's analysis of the overall economy is positive. It appears that there will be a slowdown—but not a recession—during the early part of 1990. The Federal Reserve Board moved quickly during 1989 to counter a rising inflation rate (about 4%-6%), so that the prime interest rate, standing at an average of 10.8% in 1989, will fall below 9% in 1990.

Historically, foodservice has been a "leading edge" industry, experiencing weakening growth ahead of the rest of the economy, then anticipating up-ticks. Since it has just had two years of slow growth, we think 1990 could be a swing year, setting the industry on the road to above-average gains in the first five years of 1990. This year's forecast numbers include projections for 1991-1995 and 1996-2000. For the decade, we see average real growth at more than 2%.

The U.S. Department of Commerce has released the following macroeconomic indicators for 1990 (percent change over 1989): GNP, +2.3%; disposable income, +2.5%; employment, +1.1%; consumer spending, +1.7%.

Modest growth in disposable income over the past several years has made the strongest impact on upscale restaurants, which have seen a decline in traffic during 1989. This trend will continue in 1990.

According to the U.S. Department of Agriculture, foodservice has grown from a 26.6% share of the food market in 1960 to 44.6% in 1988 (up from 43.9% in 1987). Thus, foodservice's market share continues to move toward parity with retail food sales.

On this point, 1990 will see the start of what should be a five-year period in which supermarkets (our 1990 segment growth leader, at 8.4% real growth) move quickly to provide more foodservice. As this happens, they will develop an identity as a distinct foodservice segment rather than being seen as an outsider taking market share from the industry.

The supermarket situation underscores a larger trend to watch in 1990. Traditional definitions of foodservice will erode. For example, on-premise traffic is in decline, while off-premise (drive-thru, takeout, delivery) has increased dramatically, accounting for the bulk of foodservice growth in the last two years. Once defined as food consumed "away from home," foodservice is now in an era when it is more accurately defined as "food consumed or prepared away from home."

Demographic trends evident in the last five years will drive change during 1990. The aging population has two important components: first, the affluent big spenders who patronize restaurants and impact sales; second, older people who represent a potential labor pool for the industry.

Rising costs are another major concern facing all operators in 1990. Although volume is still up in most segments, margins are down. Government legislation in the areas of liability insurance, mandated benefits, minimum wage, environmental codes and product labeling could dramatically escalate the cost of doing business.

This is not news to operators but underlines the need to sharpen pencils and find ways to reduce operating expenses. For example, chains are moving to rework their kitchens in the interest of efficiencies, both in money and time. Hospitals, faced with even more stringent demands from administrators, and schools, faced with the loss of commodities, are digging deeper to deal with limited resources.

Other segments to watch in 1990:

- **Catering:** Continued strong growth among social caterers and competitors such as full-service restaurants and institutions.
- **Chains:** Will enjoy better-than-average growth prospects. Casual/theme leads full-service segment; pizza and sandwiches are top fast-food performers; chicken companies in turmoil; seafood in slump.
- **Contractors:** Will do battle among themselves for a share of business such as day care and elder care, plus other institutional markets.

—Michael Bartlett

PREDICTIONS TO PLAN ON: 1990 AND BEYOND

In 1985, at R&I's Reconnaissance V Conference, Dr. Marvin Cetron predicted, to the amazement of many, the reunification of Germany. Recent events bear out his skill at making long-term trend projections. To provide a context for thinking about foodservice industry issues in 1990 and beyond, we offer some key ideas from Dr. Cetron's new book, *American Renaissance* (1989, St. Martin's Press, New York).

- **Economics:** Developments include greater affluence, low interest rates, low inflation, increasing integration of the national economy, integration of the United States into the international economy, a move to privatization as the government sells off public services.

- **Technology:** Computers become part of the environment rather than acting just as tools; robots increase role in society; rate of technological turnover increases.

- **Education:** Business assumes larger role in training; technology accelerates the pace of education.

- **Labor:** Work force specializes; service sector grows, with decline of agriculture and manufacturing; more women and minorities enter work force; labor retirement on rise.

- **Management:** Typical business is international; more emphasis on product development; more emphasis on quality.

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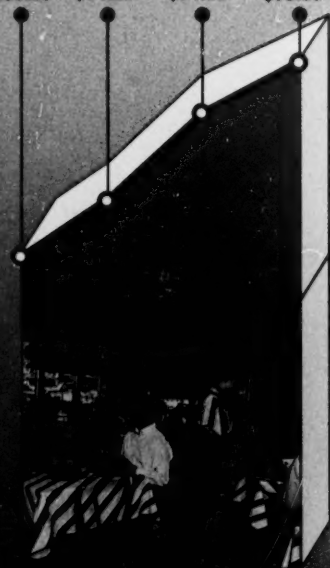
FULL SERVICE

- Real growth: 1.7%
- 1990 sales: \$78.90 billion
- Beverage alcohol sales: \$21.68 billion
- Market share: 34.2%
- Units: 162,280

Casual and family dining will do well this year, driven by a favorable price/value perception. But fine dining will have it rough: Customers will say "no" to price hikes, while operating costs mount.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

'87 \$68.03 '88 \$71.23 '89 \$74.58* '90 \$78.90**



FULL SERVICE

Casual and family concepts do well, but fine dining says a permanent goodbye to the salad days of the early '80s.



One might as well look at the bright side first. "The good news is that the customers are looking for us, like what we're doing and what we have to offer," says Frank Steed, president of Minneapolis-based Country Kitchen Restaurants. "The bad news is, there are a lot of us out there."

There certainly are, and they come in all service styles, from fine dining, to casual and theme restaurants, to family dining, to cafeterias. All are bidding for the customer looking for more than counter service.

The full-service segment seems headed for another good news/bad news year. It will achieve real-sales growth of 1.7% in 1990, constituting a comeback from the barely fractional growth of the previous three years. Full-service sales should reach \$78.9 billion in 1990, up from a preliminary estimate of \$74.6 billion last year.

But breakouts within the category reveal a mixed bag of forecasts. Casual and theme restaurants, which accounted for about 43% of all full-service sales in '89, stand to fare best: Their real sales will grow by 2.5% in the coming year, and sales volumes should reach \$34.7 billion. Prospects for family restaurants and coffee shops, the second-largest group in the segment, seem almost as good. Real sales here will grow 1.6% to \$32.2 billion this year—substantial improvement for a category that saw only 0.1% sales growth in the last two years.

"Family dining is well-positioned in today's market," says Steed. "It serves quality food fairly quickly, without the growing ticket of the casual themers. And competition among fast-food places is driving their checks up into the \$5 range. Compared to that, we offer pretty good price/value."

On the other hand, white-tablecloth

operations face tougher problems. The high-ticket category (average check \$15 and over per person) will be the only one of the four full-service categories to remain in the negative-growth column this year. Allowing for inflation, fine-dining sales will drop off by 0.6% to a dollar volume of \$8.1 billion in 1990. That's an improvement over '89, when real sales fell by 2%. Upscale operations will account for only about 10.2% of all foodservice spending in 1990—the fourth consecutive year their share of eating-out dollars has slipped.

What is ailing the upper end of the market? An informal survey lays the blame on the usual suspects: an increase in families with very young children, the endangered business-meal deduction, cocooning as a way of life and, of course, the continuous stream of new high-end restaurants entering the market. Alan Stillman, president of the New York Restaurant Group, which owns four fine-dining operations in Manhattan, agrees that more units, not fewer customers, is the real problem. "I don't perceive that there are fewer people going out for high-end dinners around the country—I mean meals of \$30 a person and up," he says. "There's no slackening in the total amount of business out there. But there's more people bidding for it. We're overbuilt, overbuilt like mad."

But even more, Stillman says, customers have revised their expectations about upscale dining and in the process have expanded the list of restaurants they are willing to consider when looking for a fine-dining experience. No longer does the white-tablecloth diner gravitate to the biggest names or the most formal service. "The high-end restaurant business has been affected more in the last couple of years by the public's demand for change than at any time in the 15 years before that," Still-

&RESTAURANTS INSTITUTIONS

man says. "They switch restaurants more often. More of them refuse to go to the la-di-dah restaurants, not because of price but because they want informality and fun. You want a place that's exuberant today. No one wants to go out and sit in a very quiet, very sophisticated atmosphere for a three-hour meal.

"This doesn't mean that one of those kind of restaurants won't exist in each of the major metropolitan areas. There's still room for the Quilted Giraffe in New York. But not for six Quilted Giraffes."

Overcapacity in the full-service segment will continue to foster intense jockeying for a price/value advantage. Many restaurateurs already say customers are reacting to price hikes with price resistance. Don Gerald, vice president and district manager of Ralph & Kacoo's, Baton Rouge, La., finds that diners do not always grasp the economics of offering up locally caught seafood, for example. "The customer eats out a lot now in a variety of restaurants with different price structures," he says. "Some are large, multiple chains with national contracts. Others, like ours, are local. Our prices aren't set on the East Coast; they depend strictly on what's caught that day. A lot of customers don't understand that, and we have to educate them."

FULL-SERVICE SEGMENT BREAKDOWN

Segment	'90 real growth	'90 sales (\$ billions)
Fine dining	-0.6%	\$8.1
Casual/theme	2.5	34.7
Cafeterias	0.4	4.0
Family dining	1.6	32.2

Finally, many operators who now shy away from advertising and promotion will have to come to grips with the necessity of raising their profile in an overcrowded market. Bill Higgins, a partner in San Francisco-based Real Restaurants, says his company has preferred to do one-on-one public relations by "keeping ourselves close to the customers" and building good word of mouth. "I have a real problem with those two words, advertising and promotion," he says.

But Stillman disagrees. "Restaurant advertising has always been surrounded by this myth: If you have to advertise, you're in bad shape, and people won't come in. We spend more than 3% of gross sales on ads and publicity. That's a lot, but it pays today. I think other high-end restaurants are going to come around to that way of thinking real soon." —*Brian Quinton*

Fine dining will fall prey to price resistance and the new informality.



OF SHOES AND SHRIMP

"Expansion? In general, among the chains, probably not. They're all being pretty conservative. But there are a lot of mom-and-pop operations out there, with new ones springing up all the time. The restaurants that close never turn into shoe stores; but a lot of closed shoe stores seem to reopen as restaurants."

—*Frank Steed, president, Country Kitchens*

"We're becoming more of a full-service operation. If Miss So-and-So is having a dinner party, we now not only sell our shrimp and fish by the pound, but we'll tell her how to cook it. That education makes people better customers when they come in for dinner."

—*Don Gerald, vice president and regional director, Ralph & Kacoo's*

"I don't think the trend to informality is age-related; I think it's sophistication. You can walk into the best three-star restaurant in France dressed almost any way you want. But America is a young restaurant country, and until recently, you had to be dreary to eat in a nice place. Part of the changing U.S. restaurant scene is that we're now playing catch-up. We can be casual even in great places."

—*Alan Stillman, president, New York Restaurant Group*

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FAST FOOD

- Real growth: 2.2%
- 1990 sales: \$63.73 billion
- Beverage alcohol sales: \$0.73 billion
- Market share: 27.6%
- Units: 156,650

Too many units and competition from outsiders means another tough year for fast food. Sandwiches lead the pack with an estimated 4.4% growth. Chains expect promotions and new products to pull them through the year.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)



FAST FOOD

Chains rally against competition with value-skewed menus and more new products than ever.

B

urger King isn't going to take it anymore. Neither are Wendy's, Pizza Hut and the scores of fast-food companies that once again face a lackluster sales year.

The fast-food industry is expected to post real-sales growth of 2.2%, up just a bit from 1989's 1.9%, but a far cry from 1988's 5.5% growth spurt. Sandwiches (4.4% real growth), pizza (3.9%) and Mexican (3.0%) remain the hottest segments, followed by chicken (2.4%), sweets (1.8%), burgers (1.2%) and seafood (also 1.2%).

Blame the slowdown on a number of factors, including the country's changing demographics. "When population growth slows down, so does the restaurant industry," says Herman Cain, president of Godfather's Pizza, Omaha, Neb. "Things are getting real intense." New competitors, such as supermarket delis and independent ethnic restaurants that offer delivery and takeout, compound the problem of too many seats and not enough customers.

But fast-food companies entered the year determined to keep customers away from upstart competitors. Burgers, the biggest fast-food faction of all, has launched an attack with new products and special low-price menus. Oak Brook, Ill.-based McDonald's test of pizza is meant to draw customers during dinner, a daypart in which supermarkets have an edge. Analysts say a number of McDonald's test products challenge fast-food competitors: burritos in Houston put the heat on Taco Bell, and bone-in fried chicken in Dallas competes with Kentucky Fried Chicken. Other markets were experimenting with frozen yogurt, chili and soup.

Miami-based Burger King, buoyed by positive reaction to its new "Sometimes You Gotta Break the Rules" ad

campaign, entered the year filled with plans. A mystery shopper program, a toll-free, 24-hour customer comment line, new packaging and new menu boards will hit the stores this year. The point? To "make a whole new business personality for Burger King," according to CEO Barry Gibbons.

Third-place Wendy's, too, has emerged from a slump of sorts. The Dublin, Ohio-based chain rang in the new year with the Super Value menu, a rotating assortment of 99-cent entrees, firmly in place. Wendy's will continue to offer the 99-cent menu this year, but does not consider the menu a price promotion, says spokesman Denny Lynch. "For some reason, we're perceived as having higher prices," explains Lynch. "The Super Value menu is meant to improve the price/value relationship at Wendy's."

Wendy's new television commercials, featuring founder David Thomas, will continue this year, Lynch says. The ads draw 75% recall during awareness surveys, Wendy's highest TV scores since 1985, says Lynch. The chain plans to open 100 restaurants this year, its biggest expansion push in several years.

Pizza chains will call on delivery to get them through the year. Most of the segment's growth will come from portable pies, predicts Cain. Godfather's delivery sales have doubled in the past three years, now accounting for 30% of sales.

Pizza-segment leader Pizza Hut plans to open 300 new delivery units this year, mostly in strip shopping centers, plus open 30 Express restaurants in airports and business parks. And what's good for Pizza Hut is good for its competitors, says Cain. "If Pizza Hut raises delivery awareness, we benefit," he explains.

Although 1989 saw a spate of new pizza products—pan pies from Domino's and Little Caesars and specialty

& RESTAURANTS INSTITUTIONS

pies from Pizza Hut and Godfather's—new products will have only a slight impact on 1990's sales, Cain says. Pizza Hut agrees: "Our emphasis for 1990 is new places, not new products," says a spokesman for the Wichita, Kan.-based company.

Mexican chains will focus on fresh and healthful new menu items, according to Howard Ollis, president of Taco Time, Eugene, Ore. "Customers are beginning to think of Mexican food as healthy and tasty," says Ollis, adding that Taco Time will introduce several new chicken entrees this year. Platters, loaded with rice, salad and other side dishes, are meant to live up dinner business. And a line of quesadillas, priced lower than Taco Time's 80-cent tacos, is meant to compete with Taco Bell's 59-cent tacos and Del Taco's 10-cent burritos.

Expect, of course, more chicken—and desserts and snacks—from the chicken chains. Kentucky Fried Chicken, Louisville, Ky., started off with Spicy Drumsticks, low-priced chicken snacks. Chick-fil-A, Atlanta, plans to roll a similar item this year, as well as cheesecake and diet lemonade, says Bill Baran, director of product research and development.

Menu variety will win customers for the sandwich segment. Rax, the Columbus, Ohio-based sandwich chain,

FAST-FOOD SEGMENT BREAKDOWN		
Segment	'90 real growth	'90 sales (\$ billions)
Burgers	1.2%	\$29.4
Pizza	3.9	12.3
Chicken	2.4	6.4
Sweets	1.8	6.2
Sandwiches	4.4	4.4
Mexican	3.0	3.1
Seafood	1.2	1.5

plans to top its standard roast beef sandwiches with new sauces, and continue to downscale its salad bar, says President Ira Hermann. Instead of relying on discounts, the chain is working on less-expensive menu items, for instance, roast beef sandwiches made with 2, not 4, ounces of meat.

The sweets segment also will benefit from new products. David Lasky, president of Des Plaines, Ill.-based Bresler's Ice Cream and Yogurt Shops, says he expects the chain's unit volumes to jump 8% this year, with most increases coming from fat-free frozen yogurt and new, ultra-rich Royale Cremes products, both added in 1989. This year, Bresler's plans on adding low-fat ice cream.

—Lisa Bertagnoli

NEW YEAR'S RESOLUTIONS

Most big fast-food chains are ready to roll through 1990 with management and systems intact. But a handful of major players entered this year burdened with unfinished business.

Arby's, Atlanta, leads the list, with franchisees and ex-CEO Leonard Roberts fighting for control with owner Victor Posner. If they win, it's business as usual for one of the segment's most innovative companies. If they lose, the chain might follow the path of other Posner-controlled companies to Chapter 11. Kentucky Fried Chicken, too, entered the year sparring with franchisees over proposed contract changes.

The country's fourth-largest pizza company, St. Louis-based Pantera's, exited 1989 in Chapter 11, due in part to debt incurred during its 1987 buyout of Pizza Inn. Tom Monaghan announced that he plans to sell Domino's, sparking speculation about possible suitors, including the pizza giant's present management. Late in 1989, the chain said it would dismiss 100 corporate employees to streamline operations.

Finally, two deals came last year promise to red line fast-food seafood. Pizza Hut franchisee National Pizza, Pittsburg, Kan., plans to remodel and expand company's six locations. Washington, D.C., bought last fall, and the company's franchisees, including the company's franchisees, are expected to be in place by the end of the year.

In a play for more dinner business, McDonald's will expand its pizza test.



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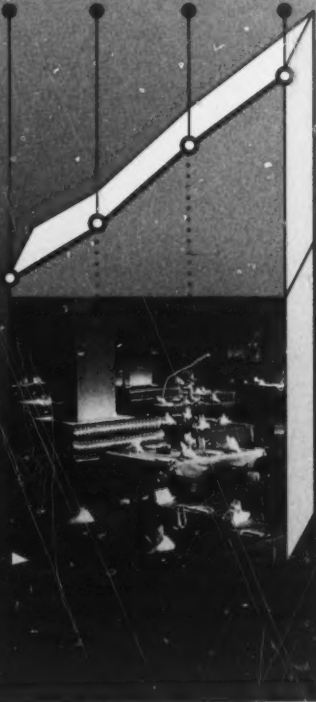
LODGING

- Real growth: 0.8%
- 1990 sales: \$8.90 billion
- Beverage alcohol sales: \$3.75 billion
- Market share: 3.9%
- Units: 25,600

Hotel food and beverage operations hope to continue 1990's increase in sales per room. Operators will add new restaurant concepts and will cater to the rising number of foreign visitors with new menu items and services.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

'87 \$7.74 '88 \$8.07 '89 \$8.48* '90 \$8.90**



LODGING

Downsized F&B operations and increased sales help keep hotels' bottom lines in the black.



Food and beverage has never been as profitable for hotels as the guestrooms themselves. As occupancy rates remain stable in 1990 and competition continues to heat up between neighboring hotel restaurants as well as local freestanding restaurants, F&B operators are looking for ways to provide a valued service without losing their shirts.

More midpriced hotels are downsizing their foodservice operations, according to Joe Lavin, vice president of development for Quality International, Silver Spring, Md. "I am not optimistic about the profitability of midpriced hotel F&B," he says. "The trends are equally bad for upscale hotels as well, but they can attract stronger management to survive these trends."

Many midprice-segment hotel guests are satisfied with reduced foodservice offerings, says Lavin. Traditional room service in these hotels is taking a back seat to in-room refrigerators and bars. A growing number of hotels that want to keep an on-site restaurant will lease their dining space to established chain restaurants, leaving the cost of operating that restaurant to someone else.

Trusthouse Forte Hotels, El Cajon, Calif., is considering leasing as an option as it upgrades a number of its Travelodge properties into full-service Travelodge Hotels. The company plans to negotiate with a number of restaurant chains in various markets, among them T.G.I. Friday's and Houlihan's, according to Chris Cullen, director of marketing communications and promotions for Trusthouse. Another option is running company-owned restaurants in franchised properties; Trusthouse is developing several different concept restaurants, including Wheeler's, a seafood restaurant with an oyster bar and a maritime look.

Economics play an important role in Trusthouse's decision to work with established chains. "We want to make F&B either a profit-generator or lease it out," says Cullen. "A hotel that charges \$70 a room night simply does not make enough money to support an unsuccessful restaurant."

Despite the trend toward downsizing, some numbers are up. Average F&B sales per occupied room for all segments rose to \$45.10 through September 1989 from \$43.70 during the same period the year before, according to the accounting firm of Laventhol & Horwath. Independent hotels experienced a higher average of F&B sales per room, \$70.94, than that of chain hotels, \$40.00, over the same period. (Independents promote their signature restaurant more often than chain hotels.)

Better news also comes from the Cahners Magazine Network Travel Study, which reports that the percentage of guests who eat in their hotels did rise in 1989. Of these guests, the number of business travelers who ate lunch rose from 7.3% in 1988 to 10% in 1989, dinner customers rose from 32.2% to 34.7% and room-service patrons jumped from 12.7% to 17.6%. While the numbers of personal-travel guests who eat in their hotel are all lower than the business segment, the same jumps for lunch, dinner and room service were roughly mirrored during the same period.

The number of foreign travelers visiting the United States also has increased over the past few years and will continue to climb until the dollar gains strength overseas. One manifestation of this growth, particularly from the Pacific Rim, is the addition of traditional Japanese breakfast in many hotels. Typical ingredients include fish,

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BANQUET BUSINESS: KEYS TO SUCCESS

Banquet service is more profitable for hotel food-and-beverage operations than individual service in restaurants and room service, and hotels will rely on this for income in the future. The Ramada Hotel O'Hare, Rosemont, Ill., for example, does 55% of its total F&B sales with banquet food, according to Marc Levin, F&B director. However, just as hotel restaurants are feeling the competitive squeeze, so are banquet operations.

To combat his competition, Levin has increased the hotel's outside sales presence to bring in more meetings, receptions and other functions. The majority of his F&B marketing budget goes toward building banquet business because of the higher return on the dollar, as compared to that resulting from promoting the hotel's two restaurants.

When planning banquet operations in new-hotel development plans, however, design just enough public space to satisfy the local market's need, recommends Joe Lavin, vice president of development, Quality International, Silver Spring, Md. II, after opening, an unexpected need for F&B arose for a meeting, contract with a local restaurant, the restaurant was the solution.

LODGING

As potential employees become scarcer, operators will have to rely on new recruitment methods.

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rice, miso soup, egg and fresh fruit.

Westin Hotels & Resorts, owned by the Tokyo-based Aoki Corp., has introduced Japanese breakfast in all of its properties. Westin has increased its share of Japanese visitors and the breakfast was introduced to accommodate these guests, according to Kurt Fisher, F&B director. At the Westin Hotel, Chicago, sales vary according to Japanese tour-group business; three to five breakfasts sell daily, but the number climbs to 50 to 60 when a tour group checks in, according to Hartmut E. Ballin, general manager.

New York's Omni Berkshire Place sells approximately five Japanese breakfasts a day, says Volker E. Ulrich, vice president and general manager. While Ulrich concedes that a Japanese breakfast is more labor intensive than a standard American breakfast, the Omni treats it as a gesture of good will to the customer.

Providing additional levels of service to increasingly sophisticated customers is one of the biggest challenges hotel F&B operators face in the coming years, Ulrich says. To provide outstanding service, employee turnover must be kept to a minimum. Ulrich credits his company's annual Service Olympics program as a way to keep employees happy through recognition and cash awards. Some of his dishwashing staff have been with the property for 10 years, he says.

Of course, keeping good employees happy is only possible after finding them in the first place. Marc Levin, F&B director for the Ramada Hotel O'Hare, Rosemont, Ill., is foregoing the traditional newspaper classified ad for foodservice employees; instead, he is advertising on Spanish-speaking radio stations, going to college trade-shows and visiting high schools.

—Rob Townsend

Banquet business will continue to provide hotels with profitable F&B.



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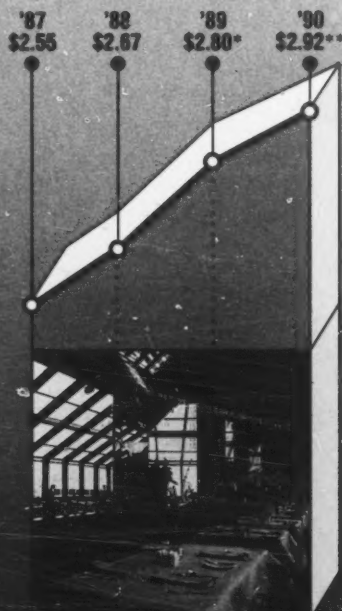


RETAIL

- Real growth: 0.3%
- 1990 sales: \$2.92 billion
- Market share: 1.3%
- Units: 29,000

Retailers are taking a long, hard, financial look at foodservice sales expectations, given that consumer spending is expected to slow down slightly. Some stores are exploring joint ventures with fast-food chains.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)



RETAIL

Retailers forsake big dining rooms in favor of small cafes, snack kiosks and takeout counters.



Retail operations will continue to down-scale or even phase out their foodservice outlets in the face of strong competition from free-standing restaurants and shopping-mall food courts. At the same time, many in the retail business say that distinctive restaurants give them an edge over their competitors.

Recent years have seen a sharp decline in the number of stores offering sit-down restaurants. In the last 10 years, the number of foodservice units in Los Angeles-based Carter Hawley Hale's Broadway Department Stores has declined from 37 to 23. The May Company, St. Louis, has closed 32 of its 44 restaurants.

Other midscale retail chains are either rapidly divesting themselves of their dining facilities or reducing the size of their existing operations. Dallas-based Neiman-Marcus has forsaken spacious dining rooms in favor of smaller 40- to 60-seat cafes described by Foodservice Director Bob Jones as "upscale versions of old-time lunchettes, complete with booths."

But Jones strongly believes in the future of retail foodservice, even though many major chains are de-emphasizing it. "Perhaps we can't open big rooms like we did before," he says. "But we've got to offer some type of foodservice to create traffic." He also believes department stores have to offer distinctive types of foodservice because merchandise differs little from store to store.

Retail giants such as Saks Fifth Avenue, which has 40-plus stores across the country and foodservice units in only a select few, are doing just that. The high-end specialty department-store chain has indicated it will build cafe-style restaurants in 16 of its existing locations, including New York, Chi-

cago and Minneapolis.

The 1990s model for retail foodservice would appear to be Seattle-based Nordstrom, which opened four separate dining establishments, including a white-tablecloth restaurant, a pub and a champagne and caviar bar, in its flagship San Francisco emporium in late 1988.

Nordstrom, however, is different from other retailers because it is not as expense-conscious as other chains, says John Muller, Carter Hawley Hale's foodservice director. "They are more concerned with customer satisfaction [than cutting costs]," says Muller. "But we look at every restaurant every month to see if it's breaking even. If it's not paying its way, we close it down."

Dayton Hudson, Minneapolis, has one of the more successful foodservice divisions of any retail chain. Foodservice has been growing an average of 14% a year during the past four years. Yogurt kiosks and carryout units strategically located around the store create interest and generate a lot of traffic, according to Dayton Hudson Food and Beverage Director John Lovelace.

Variety and discount stores are at a crossroads. Robert Laird, vice president and foodservice director of McCrory Stores, York, Pa., which operates H.L. Green, Kress and Newberry's, thinks that their foodservice future is limited.

Target Stores, on the other hand, is committed to foodservice as part of its customer-service program. Target, the discount division of Dayton Hudson, will add about 60 stores in the Southeast over the next year. The stores will feature updated snack bars, complete with seating, lighted menu boards and new menu items, such as soup and sandwiches.

—Barbara Magan Dawson

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SUPERMARKETS

- Real growth: 8.4%
- 1990 sales: \$3.14 billion
- Market share: 1.4%
- Units: 15,000

Sales of prepared foods at supermarkets show no signs of slowing. Grocery companies, already hiring chefs from traditional restaurants, will nab design ideas and operational tips from full service and fast food.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

Year	Sales (\$ billions)
'87	\$2.21
'88	\$2.48
'89	\$2.80*
'90	\$3.14**



SUPERMARKETS

Innovative chains borrow design tips and merchandising ideas from traditional restaurants.



In East Los Angeles, busy Hispanic parents stop in a Tianguis supermarket to buy quesadillas for the family. In upstate New York, singles walk out of Wegman's with homemade stir-fry and egg rolls. In Houston, offices fax orders to Randall's Supermarkets for super-premium pizza, then pick it up hot at lunchtime.

Supermarkets show no sign of backing off from prepared foods, which have proven highly profitable and easy to prepare. Sales of prepared foods racked up about \$2.7 billion in sales last year, and are expected to leap 8.4%, to \$3.1 billion, during 1990. From 1991 to 1995, sales of prepared foods are expected to grow 6.5% a year. Some experts estimate that prepared foods eventually will account for half of total supermarket sales.

As this decade unfolds, innovative grocery companies will combine their advantages—on-site kitchens, an abundance of raw material—with ideas from traditional restaurants. (Several pacesetting chains, for instance, Larry's Markets in Seattle, have hired chefs away from restaurants.) Randall's pizza, the chain's best-selling prepared food, is a stellar example. The stores' pizza bakers pick the ripest tomatoes, sweetest onions and firmest mushrooms from the morning's produce delivery, then make European Classic Pizza, baked in large sheets and sold by the pound.

Randall's uses a time-honored idea to merchandise the pizza: When the company created its New Generation store, the wall separating pizza customers from the pizza kitchen came tumbling down, creating a display kitchen straight out of a fine-dining design book.

Restaurant design influence is noticeable, too, in Roche Bros. Supermar-

kets' newest stores. The Needham, Mass.-based chain patterned its new prepared-foods section after a scramble-style cafeteria. Each of the seven stations holds a popular food item—carved roast beef at one station, salad greens at another. When one station falls out of favor with customers, Roche stocks it with a trendier food.

Dorothy Lane Market, Dayton, Ohio, has taken fine dining's tradition of signature menu items and turned it into trademarked desserts. The store sells 1,000 Killer Brownies a week—half of which are packed, along with a croissant sandwich, fancy cole slaw and imported fruit juice, into businesspeople's lunch boxes sold at the deli case. The store hopes to trademark yet another dessert, Raspberry Suicide brownies, according to Norman Mayne, vice president at Dorothy Lane.

Mayne, speaking at last fall's American Institute of Wine and Food conference, also pointed out that supermarkets are following restaurants toward simpler, well-prepared foods. "People don't want to eat anything they can't pronounce," he said. A Randall's spokeswoman agrees. "Three years ago, it was gourmet this and that," she says. "Today, we sell barbecue chicken and hot roast beef."

In bigger, bolder moves, supermarkets create new concepts to meet radically different customer needs. El Monte, Calif.-based Vons Grocery Co. created Tianguis ("marketplace" in Aztec) to meet the needs of Los Angeles' growing Hispanic population. Tianguis features specialty produce, such as 40 kinds of chili peppers, and hot, ready-made Hispanic soups and entrees. Vons also runs convenience stores, called Deli Express, in four of its 341 supermarkets. Deli Express offers burgers, pizza slices, packaged salads and breakfast pastries. —L.B.

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RECREATION

- Real growth: 2.1%
- 1990 sales: \$2.87 billion
- Beverage alcohol sales: \$0.41 billion
- Market share: 1.2%
- Units: 25,500

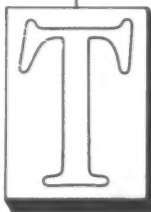
Theme-park attendance is flat, except at Disney. But sports attendance is up, national parks continue to recover from fires and owners of both movie theaters and bowling alleys turn to foodservice to build business.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)



RECREATION

Theme-park sales are growing, but attendance turns soft in all but the hottest tourist spots.



The grudge match of 1990 will take place not in the Super Bowl or a Las Vegas boxing ring but under the palms of central Florida, where a 52-year-old member of the family *Rodentia* will defend his crown against a pear-shaped, 3-foot-tall foreigner of extraterrestrial origin and limited vocabulary. In other words, Disney's new MGM Studios park is about to go head to head with entertainment giant MCA, whose Universal Studios theme park debuts next July with rides built around movies such as *E.T.* and *Jaws*.

The matchup symbolizes the direction amusement parks are taking in the '90s: huge, costly installations located in cities that are already major travel destinations. Disney's movie park, opened last May, helped the company shatter attendance records and hiked its annual resort/theme-park revenues by 25%.

Recreational foodservice as a whole will tag along on Disney's joy ride. *R&I* forecasts that sales volume in all categories of recreation—not just amusement parks but sporting events, movie theaters, national parks and bowling alleys—will reach \$2.9 billion in 1990.

What is doubtful is how much of that sales growth will come from increased attendance and how much from straight price increases. Theme parks now risk becoming overbuilt in many sections of the country. According to the International Association of Amusement Parks and Attractions, there are 700 theme parks across the United States—at least one within a two-hour drive of every major American city. But attendance ranged from flat to severely down last year at many parks located outside the vacation spots; the Sea World park in San Antonio reportedly saw traffic drop by almost 40% last summer.

In the other areas of recreation, spectator sports attendance saw 7% positive growth last year and should continue to grow in '90, though by only 3%. Once again, builders are betting on this trend: By the end of last year, 20 major metropolitan areas had announced plans to build new stadiums or sports arenas. Sports foodservice trends should also follow their current trajectory. According to Bob Smith, marketing vice president for arena caterer Harry M. Stevens, these will include increased emphasis on sky-box catering and creative efforts to make up for alcohol restrictions with special promotions like high-margin souvenir drink cups.

With screens proliferating but new releases and attendance declining, movie exhibitors are searching for their own margin defenses. A few have expanded their foodservice beyond the usual Goobers and Raisinets to include nachos and hot dogs, hoping that a better dining experience will lure homebodies away from their VCRs. One New York-area chain has entered into a partnership with Pizza Peddler I'taliano to put hot pizza into a handful of its concession stands. The 5-inch pie is shipped out frozen and topped with cheese, then reheated to order at the theater with a compact conveyor oven.

Finally, foodservice is becoming as vital as comfortable shoes in the bowling alley of the '90s. Thomas Savvides, F&B director for Leiserv, the Skokie, Ill.-based company that manages the 117 "bowling centers" owned by Brunswick Corp., says his company is experimenting with techniques such as lunchtime promos to get people into the alleys. According to Savvides, 60% of his patrons make a foodservice purchase (excluding vending or beverage alcohol). Leiserv also operates a counter-service sandwich concept called Substantial in 30 of its centers. —B.Q.

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C-STORES

- Real growth: 4.1%
- 1990 sales: \$2.54 billion
- Market share: 1.1%
- Units: 57,000

Convenience-store operators face the dilemma of whether to deliver brand-name and prepackaged fast food or make the expensive investments necessary to offer fresh food prepared on site.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

'87 \$1.94 '88 \$2.13 '89 \$2.35* '90 \$2.54**



CONVENIENCE STORES

Segment leaders are turning to brand-name strategies, investment in equipment and specialized labor.



No longer do convenience-store companies see foodservice as a save-all for their industry, but it will continue to be an important part of the product mix in 1990.

"Operators initially expected to see 60% to 70% gross-profit margins in foodservice," says Lee Smith, marketing director of Wawa Inc., the Wawa, Penn.-based operator of 442 Wawa Food Markets. "They didn't accurately forecast associated costs of equipment, labor, training, shrinkage, spoilage and packaging. All they saw was food costs of 25% to 30%."

Because some c-store operators are unwilling to take the risk and make the necessary commitment to additional labor and equipment, they are looking at new ways to deliver foodservice. Brand-name "grab and go" products, microwaveable entrees and healthy alternatives such as bran muffins and bottled water are now on store shelves.

Others, realizing that food prepared on site can offer an attractive margin in spite of associated costs, continue to test products and systems. It will also act as an important factor in differentiating c-stores from gasoline stations that are offering a growing list of snack items.

National Convenience Stores is expanding ready-to-eat offerings at its Stop N Go stores. To keep up with changing consumer tastes, it will add fresh baked goods such as croissants and bagels and a variety of brand-name cold cuts, cereals and beverages. In addition to standard deli salads, the restocked cases will feature upscale items such as three-bean salads.

Perhaps the best example of a company committed to a quality foodservice program is Wawa Inc. It has hired people with foodservice backgrounds to develop its program and is

making the necessary investment in equipment and labor.

Wawa is in the midst of testing its Fresh Buffet, a line of fresh, ready-to-heat chilled meals. Entrees including meat and vegetable lasagna and Mexican and teriyaki chicken are available in approximately 50 Wawa stores. The meals are delivered in refrigerated trucks and merchandised on-site by the manufacturer's employees.

Typifying how far oil companies have advanced into the foodservice market, Gasamat Oil Corp. has opened a restaurant that resembles a '50s diner in its Boulder, Colo., Gallagher's store. The store has been netting \$13,000 a month in profits.

According to unit manager Terry Gallagher Jr., strict quality and portion controls instituted by an executive recruited from Burger King have played a big part in the store's early success.

The 12-unit Rally Food Store, owned by the Risser Oil Corp., is expanding its foodservice program. Deli selections include precooked hot foods such as fried chicken, charbroiled hamburgers, meatloaf, macaroni and cheese, pizza, hot dogs and much more. Some units sell \$3.19 "blue plate specials," which are advertised in local newspapers and with store banners.

In order to deliver fresh food in such a great variety, Rally's hires employees who work only in the deli section.

While the long-term outlook for convenience-store foodservice is bright, the largest chains are having their share of problems. Circle K, Phoenix, Ariz., is doing very little with foodservice because it is hobbled with debt.

Dallas-based Southland's 7-Eleven also is in the midst of restructuring. However, a company spokesman says, "We feel very strong about foodservice, and we will be moving in the direction of fresh food items."

—Jeff Weinstein

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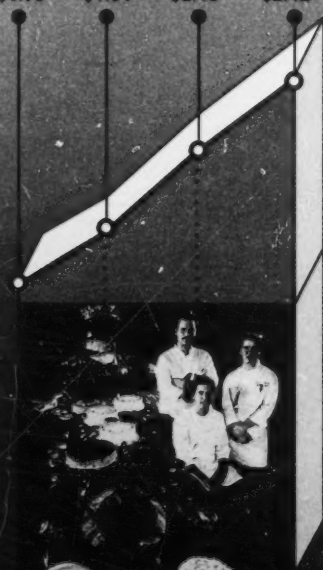
CATERING

- Real growth: 8.2%
- 1990 sales: \$2.42 billion
- Beverage alcohol sales: \$0.21 billion
- Market share: 1.0%
- Units: 5,267

The shrinking of the business-lunch dollar, causing more food to be brought in than eaten out, is just one factor that will boost the catering industry. Foodservice operators across the board are using catering to add profits.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

Year	'87	'88	'89	'90
Sales (\$ billions)	\$1.70	\$1.91	\$2.16*	\$2.42**



CATERING

Caterers become full-service event creators, selling much more than food to combat competition.



An increasingly sophisticated clientele is putting caterers in the position of having to be highly creative, and not just with the food. Catering has become a very competitive business, and while more people are hiring caterers every year, there also are more competitors, including in-house employee-dining facilities, full-service restaurants, supermarkets and hospitals. Caterers who succeed will be the ones who offer a total concept, including entertainment and decorations in addition to food.

Corporate catering is the biggest growth area for off-premise caterers. Businesses can deduct 100% of the cost of events catered in-house, compared to 80% for events that take place elsewhere. "Businesses are realizing that little perks that they offer to employees, such as catered-in lunches, do a lot for morale," says Nan Sexton, executive director of Duck-Duck Mousse, a catering company in Los Angeles.

Michael Roman, president of Chicago-based Off Prem®, says that some corporations are moving away from expensive Christmas parties in favor of in-house eggnog-and-cookie receptions and planning company picnics that include employees' families. "The companies get more bang for the dollar this way," says Roman. "They also don't have to worry about liquor liability and employees like it better."

Roman sees 1990 as "the year of the decision" for caterers. "When caterers answer the phone, they are going to have make decisions based on a lot of information before they decide to take the job," Roman explains.

Cost awareness is going to become more and more important in 1990 and beyond. Caterers will have to concern themselves more with labor costs, portion size, pricing and food waste. Ro-

man uses the example of lemon and chocolate mousse. When the two mousse flavors are placed together on a buffet line, people treat them as one choice, but when placed apart, they become two different desserts. "We don't want to see food going into the garbage. We have to concern ourselves with how much people take, not how much people eat. Designing the flow of food will become very important," Roman says.

Competition for off-premise caterers will come from several different sources. One is nonprofit foodservice—hospitals, military clubs and church groups. Unless they are licensed caterers, they are not allowed legally to advertise, but many do—especially in small towns—and this cuts into licensed-catering business. Future competition also will come from supermarkets. Almost every new supermarket has a restaurant on the premises and companies such as Larry's Market in Seattle have full-service kitchens.

As a result, marketing will become even more important. Roman suggests that caterers use promotions that stimulate the senses, such as samples of linens for touch, samples of food for taste and audio tapes with samples of music. He also says that caterers' marketing emphasis for the 1990 customer will be on building an account—nurturing existing customers.

Sexton finds her company has had to do more direct mail and phone calling to generate business. She sends out four-color postcards every quarter to highlight the season. Chicago-based caterer Carlyn Berghoff sends mailings six times a year to her best customers and nice presents at Christmas. "I have also become a member of several charity boards, and while it takes a bit longer to see returns in new business, I do find it eventually pays off," says —Nancy Backas

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EMPLOYEE FEEDING

Employee feeding undergoes big changes as labor force and management subsidies dwindle.

Employee feeders not only must worry about the rising cost and decreasing supply of labor in 1990, but they also must look ahead to fewer corporate subsidies and heightened expectations of self-support for their operations.

Developing more labor-saving designs, multipurpose equipment and self-service operations ranks as a priority for B&I operations.

Compounding the situation is the realization that the days of corporate subsidies are numbered. B&I operators face the harsh reality that governs their cousins in the commercial segments: To survive, their operations must become self-sufficient.

Large corporations, even those that are strong supporters of on-premise dining, are telling foodservice directors and liaisons that they can no longer afford to foot the bill. Ed Sirhal, vice president of sales and marketing for Restaura, the Phoenix-based contract foodservice subsidiary of Greyhound Food Management, reports that some firms already are taking such steps as closing down unprofitable cafeterias and initiating menu-price increases on an annual basis instead of every few years.

Keeping an eye on the bottom line takes precedence over almost anything else, says Sirhal, who is also the new president of the Society for Foodservice Management. The immediate problem: controlling costs as subsidies decrease and government intervenes with regulations that affect wages, benefits and other aspects of business operations. "Our job is to increase sales without investing a lot of capital dollars," says Sirhal. "Creating and implementing strong marketing programs is one way to do that."

Employee feeders also must cope

with environmental concerns during the coming year. Companies are investigating the availability of recyclable packaging, and many are swinging away from plastic foam and other non-biodegradable products in favor of china and paper service. Last October, Herman Miller, a furniture manufacturer in Zeeland, Mich., initiated a system for its foodservice operations to recycle glassware, cans and plastic products using color-coded bins. Apple Computer, Cupertino, Calif., is installing on-site recycling centers and instituting training programs to educate employees on the importance of using them.

Herman Miller already has its own incineration plant, says Prescott Slee, director for corporate foodservice and lodging. And, he adds, it will not be long before other companies start building on-site energy centers that convert waste into fuel.

The '80s, observes Sirhal, were an era when B&I operators first looked to the commercial segment and recognized that local fast-food outlets and coffee shops were their chief competitors. It prompted them to spruce up their own facilities, revamp menus and upgrade the lackluster decor.

"The '90s will differ from the '80s in that operators will think more upscale in terms of decor, food and prices, and begin imitating the trendy menus and concepts of successful commercial entrepreneurs," says Sirhal.

Amy Greenberg, vice president and director, dining services for Shearson Lehman Hutton in New York, also questions whether employee foodservice can get any more sophisticated than it already is. "You can up menu prices, but there's a limit to what people will pay for lunch—\$5 or \$6, maybe. But \$10? No. I don't see people 'dining' in a cafeteria."

Whatever the level of sophistication,

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EMPLOYEE FEEDING

- Real growth: 0.9%
- 1990 sales: \$16.19 billion
- Beverage alcohol sales: \$0.5 billion
- Market share: 7.0%
- Units: 16,000

Employee feeding operations see growth opportunities in upscale dining, gourmet takeout, nutritional analyses, retail profit centers, streamlined kitchens with labor-saving, multi-purpose equipment, catering and delivery.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)



*preliminary **forecast; ©1990 Restaurants & Institutions, a Cahners publication

1990 ANNUAL FORECAST

THE OUTLOOK FOR 1990

- Dealing with the declining labor pool will remain Priority No. 1. Innovative equipment and practices will enable operators to economize on labor, to some extent.

- Subsidies will be replaced by crash courses in reading profit & loss statements.

- More companies will begin using biodegradable packaging and permanent ware; some will plan on-site recycling centers and incineration plants that convert waste to fuel.

- The impact of profit centers—video rentals, dry-cleaning facilities, gift shops—on foodservice sales has been marginal. But operators will continue to test their viability.

- Take-home will be more successful in suburban locales where employees drive to work. City dwellers who travel on buses or subways prefer to shop closer to home.

- On-site delivery in offices and factories will continue. Fully equipped food carts, with refrigeration and heating units, will sell salads, soups, sandwiches, desserts, right on the assembly line.

- Using cafeterias for conference meetings and catering operations during off hours could heat up the bottom line, but space will be a deterrent. Management may prefer to lease available space to outside caterers.

EMPLOYEE FEEDING

Labor remains management's No. 1 concern. Multipurpose equipment must compensate for labor shortage.

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service will be important. Julie Flik, executive vice president of Mamaronek, N.Y.-based Flik International, adds that superior service will be a must to keep employees patronizing the company cafeteria.

Mergers and acquisitions will continue, predicts Flik, and these larger companies will use their varied support services as selling tools. Such companies as ARA Services and Morrison see their ability to offer janitorial services and even an entire day-care center as extra marketing clout.

On the other hand, smaller companies sometimes can be more responsive to the needs of clients. The service a contractor provides on-site is what really counts, Flik points out. Because smaller companies are not structured with three or four echelons of management, key decision makers do not have to wade through the corporate hierarchy to resolve a problem.

Finally, the search for managerial talent will escalate in 1990, as employee-feeding operations continue to compete actively with their commercial competitors. Burnout is a common malady among today's quick-service and dinner-house chain managers and, thanks in part to aggressive recruitment efforts by contractors, many of these are defecting to B&I. It offers a quality of life that other foodservice segments cannot—regular hours, free weekends and holidays, competitive wages and benefits. Fortunately, too, universities, colleges and culinary schools are making concerted efforts to present employee-feeding operations in a more positive light. This trend should continue as more B&I executives affiliate with these schools in a teaching or consulting capacity and thus establish a built-in forum to promote the benefits of B&I foodservice.

—B.M.D.

Flik competes with giant contractors by selling personalized service.



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SCHOOLS

- Real growth: 1.1%
- 1990 sales: \$13.26 billion
- Market share: 5.7%
- Units: 89,000

Although breakfast is on the rise and the "boomettes" now are filling elementary schools closed less than a decade ago, enrollments probably will flatten out by the mid-'90s.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

'87 \$11.32 '88 \$11.92 '89 \$12.00* '90 \$13.26**



SCHOOLS

Drops in commodities and labor supply tax resources of schools; many menu changes in the offing.



No doubt about it; there will be menu changes and probably price changes in school menus during the next year. The reason is simple. Surplus commodities, once the staple of many foodservice programs, are becoming scarcer. Those cheese pizzas, for example, composed of commodity products and usually processed through contracts with manufacturers into a mainstay of school lunch programs, are gone. In fact, there's so little commodity cheese around that almost every school foodservice director is putting pizza out to bid. That means the price of the product is going up; the price of school lunches will follow suit.

Other problems affecting school foodservice directors are labor shortages and costs. "We're very price sensitive," says one director. "We know we're a bargain, but I'm not sure we've convinced our customers—or their parents—of that fact. If we raise our prices—to cover the increasing costs of labor and food—we lose kids. It's a tough situation."

What this means is a thorough re-examination of menus. Items with high food costs or extensive preparation are coming off menus. "We discontinued making cinnamon buns," says Tess Peet, foodservice director for the Puyallup schools in Washington state. "We evaluated the labor required for making and serving them and it wasn't worth it."

Many districts face yet a third problem: boomettes—children of the baby boomers. Simply, enrollments in certain parts of the country, outside Sacramento, Calif., and Washington, D.C., for instance, have risen dramatically. "We may have to shorten our lunch periods to accommodate all the new students," says Paula Diamond, food-

service director for the Neshaminy school district, located outside Philadelphia. "That makes speed even more important."

To satisfy the need for speed (and also to cut down on labor costs), many districts are gearing their menus toward more self-service items.

Beverly Lowe, foodservice director of the Hampton, Va., schools and president of the American School Food Service Association, has also been costing out her menu items.

Lowe is trying to do a better job of trying to get "a better buy," too. She also expects districts to save on costs by combining purchases with those of other schools in their areas.

No one doubts that the concern for good nutrition will increase among school children and their parents. "More customers will be tuned into nutrition and nutrition-related activities," comments Lowe. "There will be much more nutrition information at POS."

"We're doing a lot of public relations work," concurs Peet. "We must convince kids to eat nutritionally. At the same time, we must convince them that the full lunch in the cafeteria is the best bargain."

Peet accomplishes this by printing information on the backs of all menus; writing articles for the student and local papers and contributing to the community report sent to homes from the school district.

Peet believes that in five to 10 years, "You won't be able to tell our lunch lines from those at McDonald's or Burger King. In many instances, you can't now. But we'll be serving healthy fast food."

"To keep kids on campus, you've got to give them a reason to stay," concludes Peet. "You do that by offering choices, merchandising and keeping current."

—Susie Stephenson

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HOSPITALS

Smarter marketing and new revenue sources will alleviate but not cure financial problems.

H

health-care segment prospects will continue to be bleak. Admission days are down, length of stay continues to plummet and construction of new beds has dropped, despite the aging of the baby boomers.

The key goal for hospital foodservice directors next year? Responsible management—because there just are not any extra dollars floating around. "I thought we were cut as fine as we could be," laments one director. "Now the administration wants blood; they've told me to cut back 10 more full-time employees."

Another challenge facing hospital foodservice departments is labor. "I've always prided myself on a low turnover rate," says Barbara Clements, foodservice director of Good Samaritan Hospital & Medical Center in Portland, Ore. "And a lot of my full-timers have been here quite a while. But in the last couple of years, we've started to have problems with part-time and on-call employees. We hire them and, if something better comes along in a month, well, they're gone."

Nancy Bowen's plans to beat the labor crunch include serving more prepared entrees. "You can count on the quality and you know what your food costs are going to be," explains the director of the department of nutrition services at the Washington Regional Medical Center in Fayetteville, Ark.

"Automation across the board," says Trudi McComb, director of food and nutrition service for NME's Hospital Group in Santa Monica, Calif. "Automation of traylines, menu tallies, inventories and even at the clinical-services level."

Clements joins the chorus, saying that eventually robots will help answer the labor problem. "When manufacturers price robots down to the

\$20,000 to \$25,000 range," she explains, "that's a better investment than a lot of employees."

Menu changes will abound in the years ahead, according to hospital foodservice directors surveyed for this forecast. For example, Clements says she expects to see an increase in the variety of manufactured foods in the near and distant future. "Here on the West Coast, it's temperate all year around, so interest in fitness is high. Yet many people still want fried foods. And they expect us to find ways for them to have what they want and still be healthy. Industry will come to our rescue as it comes up with other types of fats that will be lower in saturated fats and cholesterol."

To accommodate these needs, foodservice directors will have to handle menu development carefully, particularly since, as McComb points out, many will decrease the number of menu selections to reduce inventory and labor costs.

To increase sales, health-care facilities will continue to adopt the marketing strategies of the commercial side of the foodservice business. "We're couponing to increase sales," says Clements. "We're probably going to have more contests."

Another revenue-raiser is selling more take-home products. For example, Bowen expects to stock Washington Regional's cafeteria with more baked items; she now sells "armfuls" of fresh bread loaves for \$1.50 each.

Bowen anticipates others will follow her lead by taking over operation of vending.

Visibility is another area not to be overlooked when exploring avenues for increasing revenue. When a neighborhood newspaper rated Good Samaritan's foodservice as "the best-kept secret in Northwest Portland," sales increased by about \$10,000 a month.

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HOSPITALS

- Real growth: 0.1%
- 1990 sales: \$10.77 billion
- Beverage alcohol sales: \$0.2 billion
- Market share: 4.7%
- Units: 6,985

Outpatient visits increased from 179 million in 1987 to 295 million in 1988, while admissions dropped 200,000 to 33.4 million in 1988. Almost nonexistent patient margins are squeezing all areas of operations, including foodservice.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)



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HOSPITAL FOODSERVICE FACES TOUGH PROBLEMS

Experts agree that health-care facilities will be most affected in the coming years by:

REIMBURSEMENT CAPS

These will control how much money administrations can spend in all areas; foodservice will be responsible for presenting its case in order to get its fair percentage of the money coming in.

LABOR AVAILABILITY

As the market tightens and the price rises, health care will face the same squeeze as other operations using large numbers of entry-level employees.

GOVERNMENT REGULATIONS

These will affect reimbursement caps, what is paid for labor and the amount of time needed to meet a variety of requirements, including certain areas of quality assurance.

HOSPITALS

Visibility is another area not to be overlooked when exploring avenues for increasing revenue.

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One reason for the high rating might well be the coffee. Clements contracted with a local espresso service, which now operates a specialty coffee program in space leased from the Medical Center. "We make only a modest profit," she says. "But the program meets the needs of some of our customers at no expense to us. And the company mans the area."

On a grander scale, some large companies such as Oak Brook, Ill.-based McDonald's are moving into health-care foodservice programs. The company, once ridiculed by dietitians, now is an annual exhibitor at the ADA convention. This year, McDonald's was joined at the show by Rocky Mount, N.C.-based Hardees.

The appeal of a McDonald's-type operation has not gone unnoticed by the contract companies. Just recently, Morrison's Custom Management, Mobile, Ala. and McDonald's entered into

a joint marketing agreement for the development of contract-feeding accounts. MCM will operate the patient-feeding, cafeteria and catering services; McDonald's will operate a separate quick-service restaurant elsewhere on the premises.

"Look, the labor market is a disaster; wages are skyrocketing, and McDonald's doesn't go into an operation if they don't think they can make money. It's as close to a sure bet as I can place," says one director. "I don't expect them to usurp our cafeteria, but I do expect them to give employees yet another choice, and to put money on my bottom line."

"We've got to stop the tunnel vision," concludes Clements. "It's a case of throwing all the sticks up in the air and looking at the new patterns. Or maybe you'll only have 40 sticks left. Now, more than ever, we've got to look at new ways of doing things." —S.S.

Group purchasers will make better use of manufacturers' couponing programs.



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1990 ANNUAL FORECAST

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COLLEGES & UNIVERSITIES

- Real growth: 0.0%
- 1990 sales: \$7.22 billion
- Beverage alcohol sales: \$0.04 billion
- Market share: 3.1%
- Units: 3,350

The number of students will remain flat. Commercial-style food boutiques and catering are just two revenue sources operators will cultivate to keep more dollars on campus. Marketing also will increase.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

'87 \$6.41 '88 \$6.66 '89 \$6.94* '90 \$7.22**



COLLEGES AND UNIVERSITIES

Willing to pay more for convenience and brand names, campus diners award high grades to food malls.



In the next few years, college students will not be able to tell whether they are grazing through a "commercial" food mall or making purchases from their campus food-service department. In response to student demands for convenience, flexibility, variety and quality products, traditional residence-hall and student union dining facilities are being replaced by food boutiques, often open 24 hours a day, at which students can pay cash or use meal equivalents from their board plan.

"We, like every other college and university, realized that there just aren't going to be as many students graduating in 1991 and 1992 as there were in the 1980s, so we knew we had to get a larger amount of dollars from students," says Michael Crabb, associate director of auxiliary operations at Eastern Michigan University in Ypsilanti. "Cash operations are the way to attract these dollars, particularly from commuters. Here at Eastern Michigan, we have a lot of them; of our 22,000 students, only 5,000 are campus residents."

A massive, \$11.2 million renovation of the older of two student unions on campus transformed a 25-year-old facility into a plethora of eateries "with a post-modern look and equipment that duplicates the best of our competition," explains Crabb. He finished up the project started under the previous foodservice director, Carl Christoph. Food-mall selections team up with offerings from boutiques scattered around the campus; at CourtSide students can munch on healthy sandwiches while watching others play squash and at the Hilltop Cafe they can pile fare into takeout containers. Also available on campus are stir-fry dishes to order from the Moon Wok, ice

cream churned at a confections area, plus pizza, burgers and other popular selections. Crabb also has marketed the program by giving the dining areas intriguing names such as Dr. Eats and Zoom On In. Sales on campus have increased substantially.

Sherlita Benfield, president of the National Association of College and University Food Services and foodservice director of Rogers State College in Claremore, Okla., recommends expanding catering operations to increase revenue in the coming years. One group that has been overlooked? "The elderly," she explains. "Since the 18- to 24-year-old market is dwindling, we've got to look to other age groups to market our services." Benfield knows what she is talking about. At Rogers State, the foodservice department caters luncheons for the American Association of Retired Persons and a retired teachers group, both of which meet on campus.

Regardless of age, all campus diners will be eating more fresh vegetables, and poultry will top out, says Stewart Burger, foodservice director at Iowa State University in Ames. Burger also says that he finds students much more willing to try new varieties of "old foods," including lettuces, apples and fruits. "A few years ago, if we'd had a bed of red lettuce on a plated salad, the students would have thought the lettuce was defective," he says with a laugh.

The changes that take place in institutions in the next year—and the next decade—will reflect trends in the commercial market, according to Burger. "Not long ago, people wouldn't touch muffins or biscuits—they were old-fashioned. Now we're trotting out our old recipes and modifying them with bran and honey and apples." Burger also expects concern with quality and brand names to increase. —S.S.

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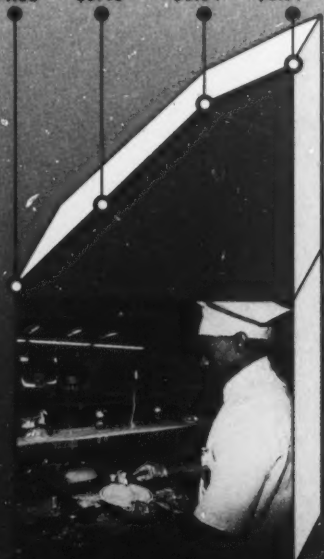
MILITARY

- Real growth: 0.1%
- 1990 sales: \$5.57 billion
- Beverage alcohol sales: \$0.42 billion
- Market share: 2.4%
- Units: 3,320

The military is looking to the private sector for ideas to stretch foodservice dollars and keep soldiers on base at mealtime. They are succeeding by offering both takeout fast food and alternatives for the health conscious.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

Year	Sales (\$ billions)
'87	\$4.90
'88	\$5.10
'89	\$5.34*
'90	\$5.57**



MILITARY

Feeding systems compete with civilian operations and continue to address nutritional concerns.



ivilian-style foodservice is making its way onto military installations across the country, in order to create self-sufficient operations in the face of congressional budget cuts.

At Camp Lejeune in North Carolina, mess halls are being completely renovated in order to compete with nearby fast-food operations, including the nation's highest-grossing Burger King, which is located on the base.

Menus now include hamburgers, french fries and takeout pizza. With a goal of rebuilding patronage, the base is redecorating dining rooms with ceiling fans, oak tables and hanging plants.

To address growing concerns about nutrition, the foodservice staff has added a 32-item salad bar. Yogurt and bran muffins are becoming staples at the breakfast tables. Also, signs in the mess halls list calorie counts of all items.

According to Marine Corps Foodservice Plans Officer Capt. Ken Lasnier, all mess hall administration processes will be automated during the next two years to create greater efficiencies and make foodservice dollars stretch farther.

With congressional budget cuts scheduled to take effect in October, Lasnier expects maintenance budgets to be hardest hit. "Continued upkeep and replacement of equipment may be slowed," he says. "Old equipment may have to stick around longer, even if it is not cost-effective to do so."

Among Army feeding systems, the major change in 1990 will be the incorporation of A rations (regular meals) every third day into field feeding systems.

In Army garrisons, foodservice personnel are developing fast-food concepts for family-dining facilities. A new design using staggered feeding lines is

expected to double line speed.

Chief Warrant Officer Harold Rickards of the Army's Center of Excellence Subsistence says fitness bars are moving to the front of serving lines. Diners are starting to use less salt and eat products with less fat. He says diners also are consuming less sugar because they are opting for fruits instead of cakes. He adds that more chicken is being consumed than ever before.

The U.S. Navy Foodservice Systems Office is promoting physical fitness, weight control and physical conditioning with its project called "Forging the Future: Fit Today for Tomorrow's Challenges."

Navy Capt. Cliff Nichols says the recipe system has been reviewed and revised, with an eye to reducing sodium, fat and cholesterol levels.

As for breakfast, salad bars have been converted to fruit bars. The Navy also has instituted a "Catch of the Month" program, offering additional fish and poultry entrees, as well as leaner meats.

Nichols says the Navy is trying to change a law that would allow it to offer margarine instead of only butter. He also hopes sugar substitutes will be allowed aboard ships to help cut down on calorie intake.

Starting in 1993, the Navy will be restricted from dumping any plastic into the ocean. Nichols says a moratorium has been decreed on bringing any new plastic products aboard ships. The Navy also is concentrating on eliminating the major offenders—plastic utensils and plastic-foam cups. Plastic garbage bags will be replaced by paper bags impregnated with wax.

In order to enhance productivity and better utilize space, Nichols says the Navy will be looking at clamshell grills and combination ovens for equipment upgrades.

—J.W.

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1990 ANNUAL FORECAST

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NURSING HOMES/ELDER CARE

- Real growth: NH 2.1%; EC 2.7%
- 1990 sales: NH \$3.79 billion; EC \$0.94 billion
- Market share: NH 1.6%; EC 0.4%
- Units: NH 14,925; EC 4,075

Budget cuts, labor shortages and the government are forcing nursing homes back to foodservice basics. Marriott and Hyatt are marketing upscale housing to active elderly Americans.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)

	'87	'88	'89	'90
NH	\$3.17	\$3.35	\$3.57*	\$3.79**
EC	\$0.77	\$0.82	\$0.88*	\$0.94**



NURSING HOMES/ELDER CARE

Elderly people require specialized care and greater foodservice expertise to meet dietary needs.



As the senior-citizen population continues to increase, companies that provide foodservice at nursing homes, elder-care and independent-living retirement communities are enthusiastic about growth opportunities, yet concerned about governmental and resident demands.

Nursing homes are experiencing more federal regulation and this year must comply with new rules that call for increased residents' rights and the development of effective cost-containing procedures.

Other legislation requires the equivalent of a full-time dietician be on nursing-home staffs. Some dietitians who have worked on a part-time consulting basis in the past will be recruited to join long-term care facilities. However, many of those operators say they are having a hard time recruiting dietitians because they prefer the acute-care setting, which offers a wider variety of responsibilities.

Because of the labor shortage, nursing-home cooks will be using more convenience foods to serve as labor-saving devices. Foodservice supervisors will have to purchase more wisely, using computerized inventory-control programs and production guides to get the most out of their foodservice dollar.

Labor-intensive items such as beef stew and lasagna will be prepared differently, says Marianne Sobkowiak, nutrition services director at the Hill Haven Corp., Tacoma, Wash.

"Instead of peeling potatoes, we'll use frozen whole potatoes," she says. "Instead of making pie from scratch, we'll buy shells and fillings to produce quicker."

With the government stressing resident rights, nursing-home patients will be able to decide meal times and whether or not they even feel like eat-

ing. There will be more pressure to provide menu alternatives, too.

Among the independent aging population, retirement communities are growing in popularity.

Companies such as Hyatt Hotels, Marriott Corp., Food Dimensions Inc. and Morrison Custom Management are developing their own communities or contracting foodservice functions to meet the needs of senior citizens.

According to Food Dimensions Inc. President Donald E. Storer, the concentration of retirement communities is expanding beyond the Sunbelt states. Many senior citizens are opting for retirement closer to home, leading to additional growth in the Midwest and Northeast.

Hyatt's Classic Residence rental community is open in Teaneck, N.J., and six more, including ones in Chevy Chase, Md., Reno, Nev., Chicago and Dallas, are under development. Hyatt plans call for adding four to five communities a year.

The Hyatt foodservice package includes breakfast each day plus 25 to 30 main meals (lunch or dinner) a month. Other meals can be purchased a la carte. All food is cooked to order to create a fine-dining experience.

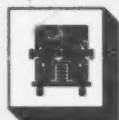
To meet the nutritional needs of its residents and surprise residents with items they can still eat, Hyatt has developed "Classically Caring Cuisine." Described as a low-cholesterol, -fat and -sodium menu with a gourmet touch. Entrees include chicken tortellini with roasted peppers, fresh spinach and tomatoes, and salmon filled with julienne vegetables.

Since competition is fierce in this segment, Morrison sends regional dietitians to meet with residents and discuss dietary needs. It has developed the Pro-Health Dining program, which includes cold salad plates for the calorie conscious.

—J.W.

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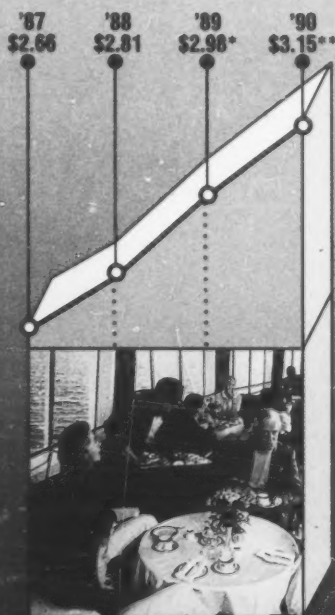


TRANSPORTATION

- Real growth: 1.7%
- 1990 sales: \$3.15 billion
- Beverage alcohol sales: \$0.52 billion
- Market share: 1.4%
- Units: 155

The over-55 population with time and money to spare is creating a luxury market that air, rail and especially cruise lines will profit from in the coming decade.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)



TRANSPORTATION

Both conventional and luxury carriers are improving food, service and amenities to attract clientele.



The airline, rail and cruise industries are tapping into the luxury market more than ever before.

The ultra cruise line Royal Viking has just added an a la carte restaurant developed by Paul Bocuse. A new train modeled after the opulent Orient Express is running between Chicago and Washington D.C. And airlines are developing hypersonic jets and planning to add comfort and new perks that will appeal not only to the luxury market, but also to international business travelers.

The population group most attracted to luxury travel is retired people, 55 or older, with disposable income and ample time to travel. Dubbed "Ultras" by demographers, this group wants the best service, the best food and is willing to pay top dollar for it.

William Spann saw the potential for servicing this market when he developed the American-European Express train. Scheduled to travel between Chicago and Washington, D.C., the charges for a one-way ticket are \$695 for a bedroom, compared to \$293 for similar space on Amtrak. Both include dinner and breakfast.

Amtrak also is looking for ways to improve its comfort and foodservice. While most meals currently are served on plastic dishes, and reliance on prepared foods is strong, Amtrak is experimenting with a return to china and meals made on board. Since long-distance train travel on Amtrak is booming, improved conditions might not be far away. Amtrak officials say that 1989 was a record-breaking year, with a passenger count of nearly 22 million. The soon-to-be discontinued Canadian western route should create even more passengers for United States-operated west-bound trains.

Cruise lines, rather than competing

with air or rail travel, provide tourists with options both for resort-style vacations on board and for luxurious transport to exotic destinations. The Royal Viking Line appeals mostly to the upscale market: 90% are American passengers, 40% repeat customers, the majority are 60 years old and up.

Royal Viking Line made a marketing decision to add the high-end Bocuse a la carte restaurant (which costs extra) because they felt their clientele knew and appreciated fine food and wine.

Conventional rail and air carriers will also try to improve food quality in 1990. For example, Alaska Airlines will continue its investment in food and services, a decision made at the point of near-bankruptcy in 1972 that has helped keep the company profitable ever since. This contradicts cost-cutting measures employed by many airlines as a response to deregulation. The company spends almost twice as much on food as other airlines.

According to an airline consultant, some of the changes planned for the next decade will improve comfort and convenience, especially for business travelers. They include personal videos, telephones at each seat, bigger bins for on-board storage, bar-coded bags for easier handling and automated seats.

Food will continue to challenge the resources of in-flight caterers. "We constantly strive to enhance the quality of foodservice and are now offering more nutritious, wholesome food with fewer calories," says George Haupt, director of sales and foodservice for United Airlines and current president of Inflight Food Services Association. One of the biggest issues facing in-flight foodservice is waste disposal, says Haupt. The association is polling its members to identify major needs in this area and will work with them to address the problem.

—N.B.

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*preliminary **forecast; ©1990 Restaurants & Institutions, a Cahners publication

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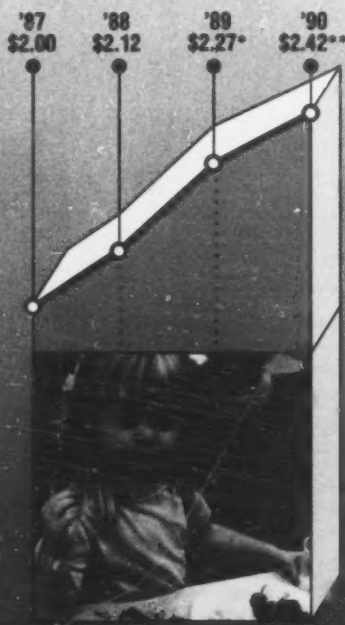


DAY CARE

- Real growth: 2.4%
- 1990 sales: \$2.42 billion
- Market share: 1.0%
- Units: 40,000

As the number of day-care centers increases, so will foodservice revenues. However, the highly diverse and fragmented nature of the day-care industry will require foodservice providers to develop specialized distribution systems.

COMBINED FOOD AND NONALCOHOLIC BEVERAGE SALES (in \$ billions)



DAY CARE

Day-care vouchers and child-care centers on site might be the employee benefit of the '90s.



An increasingly tight labor market, coupled with the fact greater numbers of women are entering the work force every year, will spur the growth of child-care providers in 1990. Half of all mothers with children under age 1 are in the work force today, a 100% increase over 16 years ago. By the year 2000, another 20 million workers will join the labor force, 83% of them women. Clearly, child care is something everyone in business and government is paying attention to, and 1990 might prove to be a pivotal year.

Washington D.C.-based Roosevelt Center for American Policy Studies, a nonprofit, nonpartisan group, recently held a series of forums to address the issue of balancing work and family in the 1990s. Eighty-two percent of participants say businesses should change personnel policies to reflect changing family life and 64% support a \$500 million per year tax-incentive program to encourage businesses to subsidize employee day care or set up on-site day-care centers. Although Congress is divided over how much money should be spent on whom and how much the federal government should be involved, most members see day care as a top issue.

Day care was positioned as a priority issue for both Bush and Dukakis during the 1988 presidential election. Now, Congress is juggling several proposals, some that are as simple as providing tax incentives, others that include government regulations. The day-care industry still is dominated by privately run operations that are difficult to regulate. Some pending proposals would prohibit money for religious worship and instruction.

The highly fragmented nature of the day-care industry, which includes everything from highly organized chains

to mom and pop centers, also makes it difficult for foodservice providers to find a niche. While the foodservice industry stands to gain from day-care expansion, it might require a specialized distribution system to reach day-care centers that inherently require small food and supply volume.

Day-care chains most likely are the biggest growth area for foodservice. At a projected growth of about 10% per year, there is definite potential for foodservice expansion. The chains have full-service kitchens, enough volume to serve more elaborate meals and sanitation regulations.

Several foodservice companies have branched off into day care. ARA Services Daybridge Learning Centers, which recently doubled its units to almost 450 by acquiring Children's World, now is the third-largest chain. Marriott entered into a joint venture with Corporate Child Care Inc. (CCCI), a Nashville-based provider of employer-sponsored child-care services.

Many of the chains see on-site day care as one of the biggest projected growth areas. "On-site day care will be the company benefit of the '90s," says Sally Blake, public relations manager for Montgomery, Ala.-based Kinder-Care. She says that more companies are interested in either having Kinder-Care build a facility on-site or in setting up a discount program for employees at existing centers.

Second-largest chain La Petite Academy, based in Kansas City, Mo., also operates a number of on-site centers. "Our on-site child-care centers have been extremely well-received by corporations. By providing this service to working mothers, the corporations benefit from less absenteeism and turnover, higher productivity and better morale," says Jack L. Brozman, president.

—N.B.

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IN 1990

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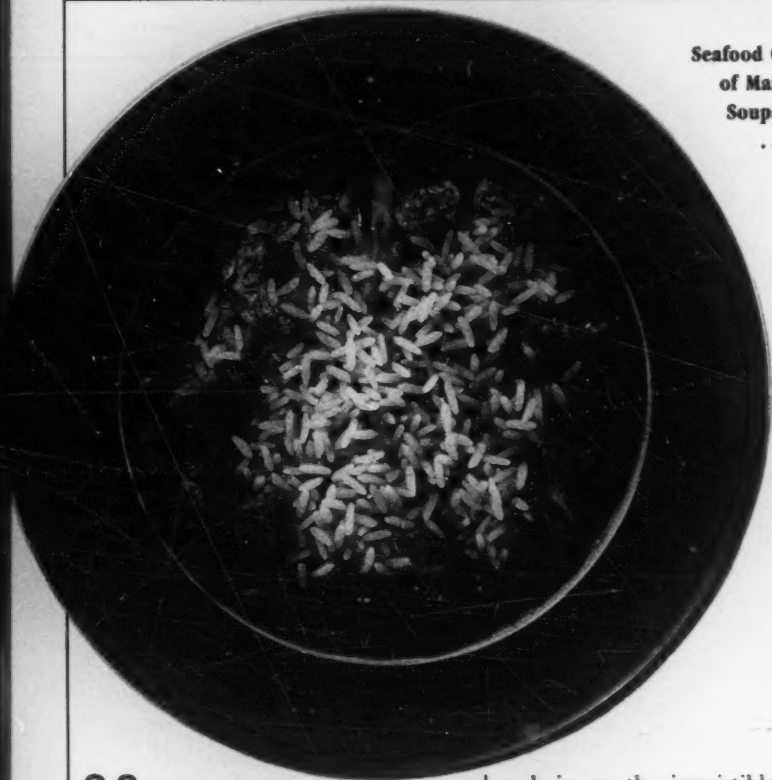
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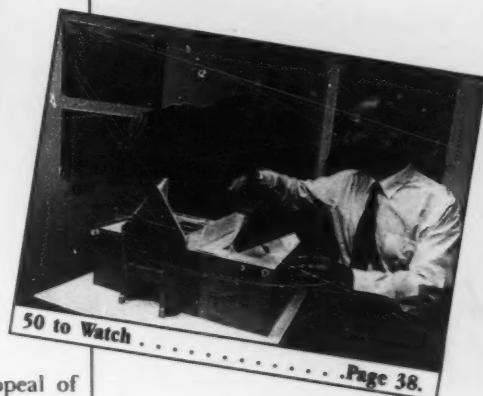
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SOUP'S ON
AND RICE IS IN IT

Rich broths with energy-laden rice make ideal cold-weather combinations. Low in calories and sodium, rice is one of the most digestible of complex carbohydrates. Recipes include Old-Fashioned Chicken & Rice Soup and Tortilla Rice Soup.

Oregon Tastemakers: Art Fortuna, Manager, and George Poston, Chef, of Atwater's, Portland ... Page 74.



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MARKET TRENDS

■ DATA DIGEST

Institutions, Full-Service Units Want Fast Food, Too

Results from a recent *R&I* survey show that full-service restaurants and institutions are as eager as fast-food operations to find ways to reduce food preparation time.

On the commercial side, 47.4% of all fast-food units said such a step would be very important, followed closely by full-service restaurants at 45.2% and hotel/motel restaurants at 32.7%. On the institutional side, ever-present budget restraints make reduced prep time even more appealing. Schools, in particular, are interested in simpler recipes (62.3% said it would be very important to their business). Hospitals were a close second (58.3%), followed by employee feeders (46.6%) and colleges and universities (44.1%).

Another question, asking respondents to weigh the importance of offer-

ing low-calorie and low-cholesterol menu items, revealed two very different mindsets in the industry: 61.1% of all institutional operators said offering such menu items is very important to their business, while only 32% of commercial operators said the same. In fact, 20.6% of all fast-food operators polled in the survey said offering those items was not at all important to their business.

Discretionary Income Highest in Oil Belt

Discretionary income, one of the key factors driving consumer spending, continues to rise, according to an ongoing joint study by the Bureau of Census and The Conference Board. Defined

as the amount of money a household has left over after paying taxes and meeting day-to-day needs, discretionary income reached a total of \$319 billion in 1987, or \$12,332 per household, up from \$11,030 in 1983 (using 1986 dollars).

Discretionary income is highest in the West South Central region (the Oil Belt), where it hits \$13,615 per household, followed closely by New England (\$13,432) and the South Atlantic region (\$12,946). Education also is a factor, as discretionary income is highest among households whose head completed five or more years of college (\$18,250). For those with only a high-school diploma, the figure is \$8,999. Discretionary income also is likely to be higher with age, as the top three groups are 55-59 years, 45-49 years and 60-64 years.

While a host of other factors also play a role in determining the strength of spending at foodservice establishments, consumer spending is higher in regions where discretionary income is strongest.

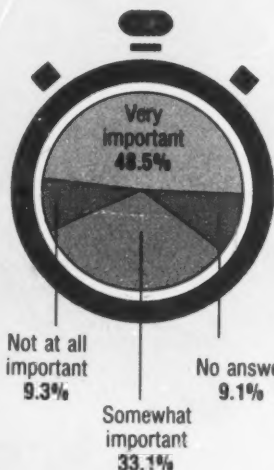
In Brief . . .

The U.S. Department of Agriculture has developed a frozen, concentrated milk that is low-fat, cholesterol-free and can be frozen for up to six months. Scientists at the department's Northern Regional Research Center in Peoria, Ill., removed the fat in milk and replaced it with vegetable oil, which has no cholesterol. The frozen, concentrated milk is reconstituted with water in a 3-to-1 ratio of water to milk. . . . A recent survey by The Roper Organization points out the marketing potential of the 45- to 59-year-old group. The grandparents in this group spend a median of \$250 a year on their grandchildren, including meals they share at a restaurant. This group also is more likely to have Sunday brunch at a restaurant (23% vs. 17% of 30- to 44-year-olds). . . . Family dinners eaten together are still important to many Americans. Fifty-six percent of those answering a poll by the Food Marketing Institute and *Better Homes and Gardens* magazine say they eat together every day. Families with working women especially find the dinner hour a time to promote togetherness. These families eat together at least five times a week. —Maureen Pratscher

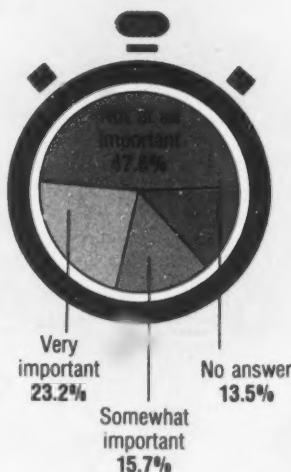
OPERATORS LOOK FOR TIME-SAVING OPTIONS

Nearly half those answering a recent *R&I* survey say that cutting prep time with faster, simpler recipes is very important to their business. And, in an effort to help time-strapped customers, nearly a quarter said that increasing takeout or home delivery also is a very important step for their business.

How important is it to your business to reduce preparation time with simpler recipes?



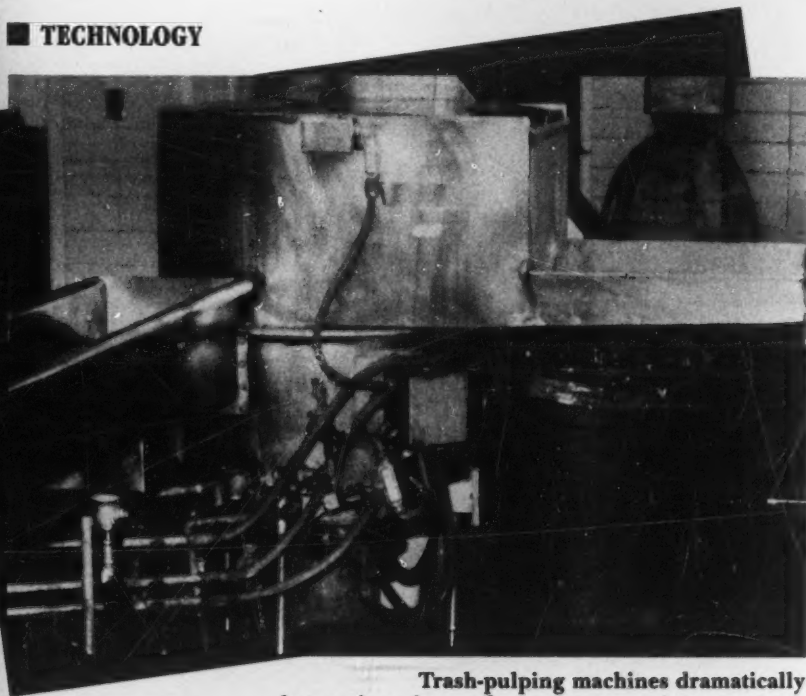
How important is it to your business to increase takeout/home delivery?



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EQUIPMENT

TECHNOLOGY



Trash-pulping machines dramatically lessen the volume of waste an operation generates.

Solid-Waste Solutions Aid Operators, Environment

Trash pulpers, waste-to-energy plants and recycling methods all reduce operator costs and pollution.

The kitchen at the 600-room Lutheran General Hospital, Park Ridge, Ill., serves a typical meal to approximately 500 people. At meal's end, the trays return to the dishroom, complete with forks, cups, tray lids and other plastic items, paper napkins and leftover food. All of this garbage is fed by employees into a trash-pulping machine. The result? Meal waste from 500 people fits into one garbage bag.

This efficient use of cubic space taken up by garbage at Lutheran General reflects a growing concern in the foodservice industry about the nation's (and world's) environment. As the nation's available landfills fill up and close, reducing the amount of solid waste a foodservice operation generates is becoming a more important factor.

Total municipal solid waste, from

households, municipal and industrial sources, as well as foodservice, totaled nearly 158 million tons in 1986, up 80% since 1960, according to the Environmental Protection Agency. Even though the waste contributed by foodservice is a very small part of the total, operators pay the rising costs of hauling trash to landfills (see sidebar).

The amount of trash produced by Lutheran General's pulper reduces costs in several ways, according to Keith Sas, assistant director of food operations. Employees remove only china and silverware from each tray; they waste no time separating the remaining waste before it enters the pulper. The staff also does not have to constantly empty the garbage into a dumpster. Less trash in the dumpster means fewer trips to the landfill, saving on hauling costs.

Pulpers combine trash with running water, grind it to a pulp, extrude the water (which then recirculates with more fresh running water) and discharge the semi-dry pulp. One manufacturer says that pulpers generally reduce trash volume by 85%. Discharge is either in an adjacent receptacle or through pipes to a remote trash storage location.

At a Pratt & Whitney employee cafeteria in West Palm Beach, Fla., which serves 2,600-3,000 employees at lunch, a trash pulper has reduced lunch waste from 27 bags to five, according to Frank Burrows, district manager at Lackmann Food Service, a New York-based contract foodservice company. Because the pulp contains all of the trash fed into the machine, Burrows likens the process to "turning a ton of feathers into a ton of lead."

Another way to reduce trash storage space is by using a trash compactor. Compactors use tons of hydraulic force to fit a number of cans' worth of garbage into one trash bag. Deodorizers help eliminate odors, particularly where wet garbage is compacted.

Disposers, smaller than many pulpers and compactors, grind food waste in the same manner as domestic disposers and can send the end product through a pipeline to a remote location. Disposers come in a variety of sizes; larger models handle large amounts of bones and other hard materials.

Balers compress large amounts of corrugated cardboard and waste paper and tie them into bales for hauling to a recycling center or a landfill. Aluminum balers also are available.

Paper and aluminum products long have been known for being recyclable. Plastic products such as foam cups and containers, soda bottles and milk containers also are recyclable, and recent steps by a group of polystyrene manufacturers are giving the benefits of plastic recycling a higher profile.

Whether a foodservice operation sends its trash to a landfill, recycling center or an incineration plant, hauling charges are reduced if the operation generates less trash. For example, a coffee house operated by the Associated Students of the University of California at Los Angeles (ASUCLA) has sold a thousand reusable ceramic coffee mugs to students for \$4.50. When used, these mugs take the place of a

continued on page 98

EQUIPMENT

TRASH HAULING COSTS GO UP, UP AND AWAY

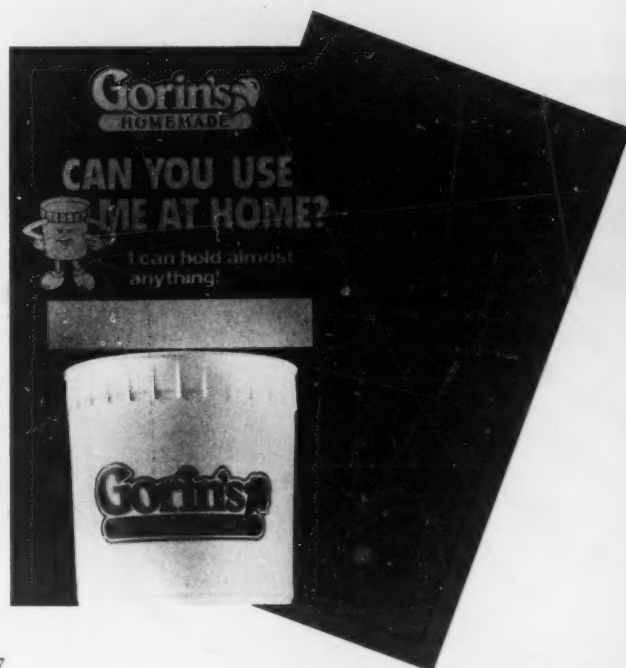
As the number of available landfills goes down—because of present sites filling up and the shrinking number of new landfills—the cost of hauling trash has gone up for operators. The average cost, or tipping fee, to commercial refuse companies for dumping refuse at solid-waste landfills has risen dramatically since 1984, according to the National Solid Wastes Management Association. Between 1987 and 1988, for example, the average cost rose approximately 32%.

Average tipping fees for national sample landfill sites:

1988	\$26.33
1987	20.36
1986	13.43
1985	11.93
1984	10.59

Operators who reduce the amount of garbage generated stand to save money on hauling costs.

As part of a recycling effort, Gorin's sells empty ice cream barrels to patrons for home storage uses.



continued from page 97

disposable foam cup that eventually would have ended up in the waste stream. Half-price refills encourage students to use their mugs, according to Rob Clarke, division manager and project coordinator.

At ASUCLA operations where the ceramic mugs are not sold, coffee comes in washable hard plastic cups. A special bin for used cups is next to the trash cans. While not all customers sort the cup from their trash, the stores reclaim, wash and reuse about 25% of the cups sold, says Clarke.

Plastic utensils also are reusable at ASUCLA stores, says Clarke. The warewashing process does not melt or deform these utensils.

Reusability is not a factor in dealing with the plastic barrels Atlanta-based Gorin's Homemade Ice Cream uses for shipping ice cream to its 32 stores. Because the Georgia Department of Agriculture prevents the processing plant from reusing the 1½- and 2½-gallon barrels, a recycling plan was introduced approximately six months ago, according to Jim Baugher, Gorin's director of internal operations.

The barrels' manufacturer helped

Gorin's find a nearby recycling plant that handles high-density plastics. The staff of each Gorin's operation cleans and sanitizes empty barrels, which then are shipped back for storage at corporate headquarters. Empty barrels are sent to the recycler in lots of approximately 6,000.

To ensure participation from its franchised and company-owned stores, Gorin's places a 25-cent deposit on each barrel the operation receives. These operations get their money back upon receipt of the clean, empty barrel at headquarters. The chain currently goes through 80,000 barrels per year, says Baugher.

A colorful display offers empty barrels to customers for 69 cents each. So far, patrons only buy approximately 1% to 2% of the used barrels, says Baugher, but offering them for sale is one more way to keep the barrels from entering the growing waste stream.

Whether the garbage is pulped, compacted, ground or recycled, reducing the amount generated by an operation saves money in hauling fees and keeps the environment a little cleaner.

—Rob Townsend

ACTION EXPRESS

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SERVING THE TOTAL FOODSERVICE INDUSTRY

FEBRUARY 7, 1990

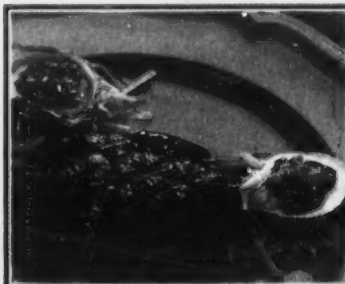
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R&I CONSUMER SURVEY PICKS AMERICA'S FAVORITE CHAINS

*The Olive Garden,
Mrs. Fields, Subway
Lead New Winners*

◀ TOPS IN THE
PIZZA SEGMENT



BEEF AMERICAN STYLE

More Inside!
See Page 4



PUBLICATION



The Olive Garden Page 38

38 R&I EXCLUSIVE: THE PUBLIC PICKS FAVORITE CHAINS

R&I and market research firm NPD Group surveyed nearly 5,000 households to find America's favorite restaurant chains. The heart of the survey is each chain's satisfaction index—how well it is liked and for what reasons. A profile of the chains in each of 12 categories is included in our annual analysis of what makes a winner.

101 SPRING INTO FRUITFUL BEVERAGE PROMOS

March all over your competition by planning in February beverage promotions ready to launch in April and May.

The time will then be ripe to reap profits using fresh fruit in colorful, flavorful mixed drinks.

115 PUTTING COMPUTERS TO WORK AS MANAGERS

Computers speed up the employee scheduling process, keeping managers on the floor, not in the office. Some programs also allow operators to maintain accurate reports on sales volume tied to productivity.

124 ROUNDING UP BEEFIER REGIONAL FOODS

Beef is back on menus in a big way. The public wants toothsome beef steaks and savory regional recipes that use beef as a prime ingredient. Recipes include Smoked Beef Tenderloin with Peppercorn Sauce, and Natchitoches Meat Pies.

139 MERCHANDISING ITALIAN-STYLE

Italian accompaniments make menus sparkle. Bring a renaissance of flavor, color and texture to your menu with the antipasto course, for instance; the classic appetizer becomes a tantalizing table of tastes when presented as an Italian-inspired salad bar. Soups and other side dishes also are featured.

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MARKET TRENDS

■ DATA DIGEST

'Help Wanted' Signs Likely to Stay Up in '90s, Figures Show

A new book published by American Demographics Press confirms what most fast-food chain executives already know: There is a dearth of teenage workers and the situation is not likely to improve within this decade.

The 1990-1991 *Almanac of Consumer Markets*, by Margaret K. Ambry, contains a wealth of statistics relating to the labor market, including the fact that nearly half of 16- and 17-year-olds already are in the work force and 26% of them are employed in foodservice operations.

Foodservice operators looking for full-time, entry-level employees are likely to have just as difficult a time as those who are recruiting teens. The two primary age groups they would draw from, 18- to 24-year-olds and 25- to 34-year-olds, both are expected to show decreases in population. The younger group will drop 3% by the end of the decade, while the older group will fall even more sharply, by 15%.

Some good news for the industry can be gleaned from the almanac, however, as a potential new labor pool might be emerging. The two age groups that will show the biggest population growth, ages 45 to 54 (up a whopping 47%) and ages 35 to 44 (up 18%), will also show an increase in labor-force participation by women as the baby-boomer women return to work. More than 84% of women 35 to 44 are expected to be working by 2000, compared to only 76.9% in 1990. Of

the 45- to 54-year-old women, the participation rate will rise from 69% in 1990 to 75.4% in 2000.

Public Schools Still Under Fire

The foodservice industry not only faces a shortage of workers in the coming decade, but the skills of those workers might be below par, as the American education system continues to come under fire. A recent poll by The Roper Organization shows that more than half of the American public rates the quality of education at public schools as only fair or poor.

In addition, nearly half of the respondents gave their own community schools a grade of "C." Sixty-one percent said their local schools should pay more attention to teaching the basic skills such as reading, writing and arithmetic, and 57% said parents should pay more attention to what their children are learning and how they are doing in school.

Roper's newsletter, "The Public Pulse," suggests several initiatives corporations can take to help improve the U.S. school system, including: "adopting" a public school, donating equipment, giving employees time off to teach in the schools and sponsoring technical training courses.

In Brief . . .

Lunch remains the meal most frequently eaten away from home, according to R&I research. Figures com-

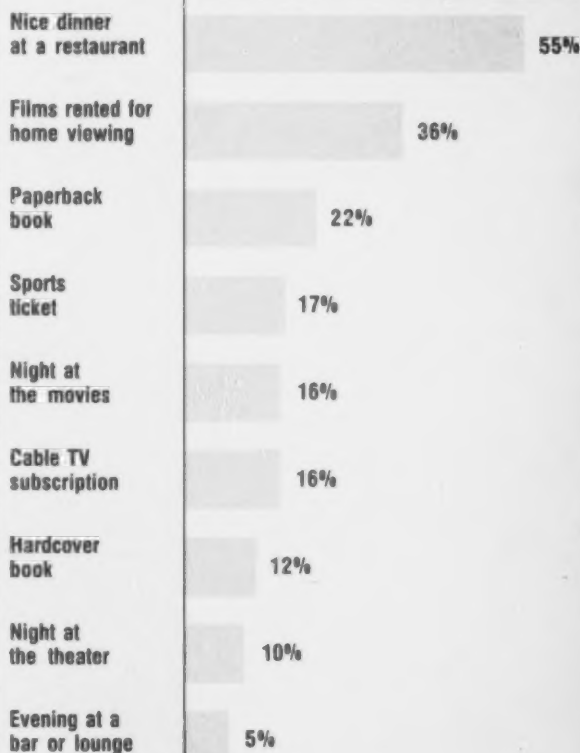
piled at the end of 1989 show that 150.4 million lunches are eaten out each day, with fast-food operations getting the largest chunk of the business (42.7 million meals). Schools (26.2 million) and employee cafeterias (25.9 million) account for the majority of lunches on the institutional side. . . . The National Cattle-

men's Association says the demand for beef is stabilizing after declining for years, in part because the industry has responded to consumer tastes by coming up with leaner cuts. Per-capita consumption is expected to be 67.8 pounds this year, down slightly from 68.6 pounds in 1989. . . . The Lempert Report newsletter reports that food scientists have developed a process whereby they can make cheese out of peanuts rather than milk, with the imitation cheese spread providing a more economical source of protein.

—Maureen Pratscher

DINNER OUT RATES AS BEST BUY

Good news for restaurateurs: In a recent *Wall Street Journal* poll, dinner out was rated the best entertainment value for the money. (Respondents could make up to three choices.)



Source: The Wall Street Journal Centennial Survey

R&I EXCLUSIVE

NATIONAL WINNERS

Burgers

WENDY'S INTERNATIONAL

Sandwiches

SUBWAY

Pizza

PIZZA HUT

Mexican

CHI-CHI'S

Dinner Houses

THE OLIVE GARDEN

Seafood

RED LOBSTER

Family Dining

BOB EVANS

Cafeterias

LUBY'S

Chicken

CHICK-FIL-A

Steak

STUART ANDERSON'S

Sweets

MRS. FIELDS

REGIONAL WINNERS

Central

BILL KNAPP'S

South

RYAN'S FAMILY STEAK HOUSE

East

HÄAGEN-DAZS

West

MARIE CALLENDER PIE SHOPS



■ CUSTOMER SURVEY

AMERICA'S CHOICE IN CHAINS

R&I salutes the people's choice in
national and regional chain restaurants.

By Lisa Bertagnoli and Brian Quinton

The foodservice industry thrives on measurements, from table turns to teaspoons of mustard in a rémoulade. But the most important measurement in the business—how well the operation fulfills the expectations of its patrons—is also the most difficult to gauge. For the 10th year, *Restaurants & Institutions* has applied a yardstick to that elusive property, customer satisfaction, by asking the public to vote for its favorite chain restaurants. This latest crop of winners features perennial segment leaders such as Wendy's, Red Lobster, Pizza Hut and Stuart Anderson's, companies that obviously know the secret of building a loyal following. But the list also includes two chains that hovered in and around the top spot for several years with regularity; for both Bob Evans and Chick-fil-A, steady attention to detail has put them out ahead of this year's competi-

tion. First-time winners The Olive Garden, Subway and Mrs. Fields prove that chains can expand quickly without sacrificing atmosphere and food quality, two important patron-pleasing attributes. One addition to this year's survey is not so much a category as a parallel ranking recognizing the achievements of regional chains whose patronage is largely confined to one-quarter of the country. Häagen-Dazs, Ryan's Family Steak Houses, Bill Knapp's Michigan and Marie Callender Pie Shops might not cover the same ground that their national or multi-regional competitors do, but the results of the survey prove that they can go the distance when it comes to giving customers what they like.

For an explanation of demographic groups and other methodology of the Choice in Chains survey, turn to last page of story.

The Olive Garden wins
praise as the people's choice
among dinner-house chains.

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CHOICE IN CHAINS

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BURGERS

This year, Choice in Chains respondents let good taste pick their favorite burger spots: Patrons say food quality is the strongest attribute at four out of the six chains profiled, while last year, good value dominated all other attributes in the burger segment. Some things never change, however. Burger restaurants remain an outpost for families and favorite eating places for consumers whose children help make eating-out decisions.

1. WENDY'S

Satisfaction index: 2.34

Strongest . . .

Attribute: Food quality

Customers: Traditional families

Spending level: Heavy

Region: South



Wendy's, once again the top burger chain, scores among the top 10 fast-food chains for atmosphere, food quality and cleanliness. The Dublin, Ohio-based chain of 3,660 outlets does well with singles as well as families. Consumers whose kids control eating-out decisions are faithful Wendy's patrons. The South is by far the chain's strongest region.

2. WHATABURGER

Satisfaction index: 2.32

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: South



At second place for the second year in a row is Whataburger, a chain of 415 units based in Corpus Christi, Texas. Favored by seniors as well as empty nesters, Whataburger also earns good marks for price/value. The senior diners must have grandchildren, however, because patrons with kids who control eating-out decisions are among the chain's best customers.

3. BURGER KING

Satisfaction index: 2.26

Strongest . . .

Attribute: Good value

Customers: Traditional families

Spending level: Heavy

Region: East



Miami-based Burger King has widespread appeal: The chain is popular among upscale sophisticates, time-strapped parents and kid-oriented households. Singles follow traditional families as Burger King's best customers. New Burger King owner Grand Met's work might be paying off: Patrons give the 5,500-unit chain high marks for cleanliness.

4. HARDEE'S

Satisfaction index: 2.25

Strongest . . .

Attribute: Food quality

Customers: Traditional families

Spending level: Medium

Region: Central



Hardee's salad selection and extensive chicken menu do not go unnoticed: Almost half the respondents who patronize the Rocky Mount, N.C.-based chain depict themselves as health- and diet-conscious. The 3,100-unit chain does well among empty nesters as well as families. Good value and cleanliness score close behind food quality.

5. CARL'S JR.

Satisfaction index: 2.25

Strongest . . .

Attribute: Food quality

Customers: Singles

Spending level: Heavy

Region: West



Anaheim, Calif.-based Carl's Jr. counts two groups—upscale sophisticates and consumers who sensibly balance time, diet and taste concerns—among its loyal customers. Traditional families follow singles as Carl's strongest demographic group. The 477-unit chain earns good marks for cleanliness and service as well as food quality.

6. SONIC DRIVE-INS

Satisfaction index: 2.25

Strongest . . .

Attribute: Good value

Customers: Traditional families

Spending level: Medium

Region: South



Sonic solidly fits the classic fast-food niche: Families are far and away the Oklahoma City-based chain's best customers (singles are a distant second), and Sonic is a favorite among those families whose children strongly influence eating-out decisions. The 980-unit chain also receives good marks for food quality and service.

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CHOICE IN CHAINS

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SANDWICH

Long on taste and short on looks—that's how survey respondents see this year's group of sandwich chains. These five receive top honors for food quality, but only one, Rax, scores above average for atmosphere. And look who's doing the rating—a veritable slice of America, ranging from singles to empty nesters. All in all, the sandwich competition was close this year, with only hundredths of points separating winner Subway from second-place Arby's and third-place Rax. A slightly higher food-quality rating gives Subway the edge.

1. SUBWAY

Satisfaction index: 2.36

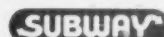
Strongest . . .

Attribute: Food quality

Customers: Traditional families

Spending level: Heavy

Region: South



This year's new sandwich-segment winner, Milford, Conn.-based Subway, leaps over three to unseat Rax as America's favorite sandwich chain. The 4,000-unit sub-shop earns praise for good value, service and cleanliness—only atmosphere scores fall below average. Subway's best customers are time jugglers, whose time constraints guide dining-out habits.

2. ARBY'S

Satisfaction index: 2.34

Strongest . . .

Attribute: Food quality

Customers: Singles

Spending level: Heavy

Region: Central



Atlanta-based Arby's noses out A&W and moves into second place this year. The 2,049-unit chain has a heavy following in the South as well as Central regions, and counts traditional families among its best customers. Time jugglers and the health-conscious (enticed by lots of salads and grilled chicken sandwiches) are also fond of Arby's.

3. RAX

Satisfaction index: 2.32

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: Central



Columbus, Ohio-based Rax is the only sandwich company to garner an above-average rating for atmosphere. The 521-unit chain pleases seniors and singles as well as empty nesters, and has a loyal following with the health-conscious and with families whose children help decide where to eat. The East is Rax's second-strongest territory.

4. A&W

Satisfaction index: 2.29

Strongest . . .

Attribute: Food quality

Customers: Traditional families

Spending level: Heavy

Region: Central



A&W, Livonia, Mich., does well among kids-in-control families (could it be the famous root beer?) and sensible consumers, who balance the need for quick service with taste and diet concerns. Customers praise the 530-unit chain for good value and service as well as food quality. A&W finds loyal patrons in the West as well as Central region.

5. ROY ROGERS

Satisfaction index: 2.19

Strongest . . .

Attribute: Food quality

Customers: Traditional families

Spending level: Heavy

Region: East



Roy Rogers is most popular among patrons who feel they are sensible diners-out, and also does well with health-conscious and sophisticated consumers, too. The East is home to 42.1% of the respondents who visit Roy Rogers. The Washington, D.C.-based chain of 607 restaurants recently was put up for sale by owner Marriott Corp.



Rax gets good marks for food quality.

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CHOICE IN CHAINS

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PIZZA

For the sixth year in a row, Pizza Hut takes the honors for overall customer satisfaction in the pizza category. Its appeal seems to be both wide and deep, cutting across all demographic segments in the survey. Meanwhile, despite discounting, meal deals, the spread of delivery and any market blur that might have occurred in the pizza segment, the second tier of national chains still courts customers with good value, food quality and service. As the Red Queen said, it takes all the running you can do just to stay in the same place.

1. PIZZA HUT

Satisfaction index: 2.46

Strongest ...

Attribute: Food quality

Customers: Traditional families

Spending level: Heavy

Region: South



Pizza Hut's appeal is consistently high through the spending levels, regions and demographic groups surveyed: Patronage for the 6,700-unit chain falls to less than 50% only among Westerners, light spenders and seniors. The Wichita, Kan.-based chain does particularly well with families that allow the children to select the restaurant.

2. LITTLE CAESAR

Satisfaction index: 2.33

Strongest ...

Attribute: Good value

Customers: Traditional families

Spending level: Medium

Region: Central



Little Caesar

Little Caesar—birthplace of the two-for-one pizza deal—earns top score on the price/value scale, not only with traditional families but among singles and empty nesters. More customers voted the 2,000-unit chain a good value than any other chain in the survey. The Farmington Hills, Mich.-based takeout chain also is a hit with time jugglers.

3. GODFATHER'S

Satisfaction index: 2.33

Strongest ...

Attribute: Food quality

Customers: Traditional families

Spending level: Heavy

Region: Central



The best thing, by far, about Omaha, Neb.-based Godfather's Pizza is its food quality, according to a solid majority of customers surveyed; cleanliness and atmosphere tied for second-best attribute of the 550-unit chain. Interestingly, the company that sells dessert pizzas draws heavily from the health-and-diet behavioral group.

4. DOMINO'S

Satisfaction index: 2.25

Strongest ...

Attribute: Service

Customers: Traditional families

Spending level: Heavy

Region: South



Domino's popularity shows a remarkable consistency from one region to another: A spread of less than five percentage points separates the areas of highest and lowest patronage for the Ann Arbor, Mich.-based chain. Numerous college locations out of 5,000 total units mean that singles patronize the chain almost as much as families do.

5. PIZZA INN

Satisfaction index: 2.24

Strongest ...

Attribute: Food quality

Customers: Empty nesters

Spending level: Medium

Region: South

Pizza Inn

One explanation for St. Louis-based Pizza Inn's acceptance among medium spenders might be that the 670-outlet chain balances food quality, its top-rated attribute, with price/value. Perhaps because they also like Pizza Inn's value, the behavioral group most likely to patronize the chain are families where kids (or grandkids) are in control.

6. SHAKEY'S

Satisfaction index: 2.21

Strongest ...

Attribute: Food quality

Customers: Traditional families

Spending level: Heavy

Region: West



Most of Shakey's customers are in the West; the Irving, Texas-based chain's second region of strength is the Central region. But the 400-unit chain earns its highest satisfaction rating where patronage is lowest—in the East. Patrons most commonly belong to the kids-in-control behavioral segment, but diet sophisticates also favor the chain.

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CHOICE IN CHAINS

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DINNER HOUSE

Today's dinner-house customers are not singles, as they were in the fern-bar '80s, but a new generation of diners. Empty nesters—single-income households with no kids under 18 at home—are the most frequent patrons of five of the six chains profiled here. Their eating habits vary—some are concerned about health and nutrition while others must let time constraints dictate restaurant choices. But most dinner-house patrons consider themselves sophisticated in matters of taste and, accordingly, give high marks for food quality and atmosphere to their favorite chains.

1. THE OLIVE GARDEN

Satisfaction index: 2.64

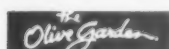
Strongest . . .

Attribute: Atmosphere

Customers: Empty nesters

Spending level: Heavy

Region: South



General Mills' Olive Garden makes its first Choice in Chains appearance at the top of the casual-dining category. The 200-unit chain, based in Orlando, Fla., gets highest marks for food quality (along with Benihana and Stuart Anderson's) among full-service restaurants. The Olive Garden is popular among patrons concerned about health and diet.

2. BENIHANA

Satisfaction index: 2.58

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: West



Miami-based Benihana garners the highest score and second-highest ratings for atmosphere and cleanliness among the full-service restaurants listed on the survey. The chain of 50 Oriental restaurants does well among singles and sensible consumers, who let taste, price and convenience dictate eating-out habits.

3. T.G.I. FRIDAY'S

Satisfaction index: 2.54

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: East



Dallas-based Friday's earns exceptional scores for atmosphere, placing in the top 10 full-service restaurants. The 136-unit chain is a favorite among sophisticates—upscale, urban and childless consumers—as well as time jugglers, whose schedules dictate dining patterns. Friday's also does well with seniors and in the Western region.

4. BENNIGAN'S

Satisfaction index: 2.54

Strongest . . .

Attribute: Atmosphere

Customers: Singles

Spending level: Heavy

Region: East



Bennigan's patronage is almost as strong in the South as in the East, and the Dallas-based chain is popular with empty nesters as well as singles. Among behavioral groups, 222-unit Bennigan's is popular with sensible consumers, who weigh taste, convenience and price when they make dining-out choices. The chain also gets good marks for food quality.

5. HOULIHAN'S

Satisfaction index: 2.53

Strongest . . .

Attribute: Atmosphere

Customers: Empty nesters

Spending level: Heavy

Region: East



Houlihan's, purchased last year by Riese Organization, New York, gathers praise for food quality as well as atmosphere. The chain's best customers are those concerned about health and diet as well as upscale, urban sophisticates. The East is by far the strongest region for 400-unit Houlihan's: The Central region places a distant second.

6. FUDDRUCKERS

Satisfaction index: 2.48

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: South



Wakefield, Mass.-based Fuddruckers places in the top 10 for food quality among the full-service chains that were listed on the survey. The 117-unit chain scores well in the West, with seniors, and with urban, upscale sophisticates. Fuddruckers is popular among teenagers, too: Nearly three-quarters of the teenagers who visit Fuddruckers like it a great deal.

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CHOICE IN CHAINS

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1. RED LOBSTER

Satisfaction index: 2.58

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: South

Red Lobster.

Red Lobster, based in Orlando, Fla., places among the top 10 full-service chains for cleanliness and food quality. The 512-unit chain brings out the seafood lover in empty nesters, upscale sophisticates, and health- and diet-conscious consumers. Red Lobster joins sister chain Olive Garden (both owned by General Mills) in placing first in a segment.

2. SKIPPER'S

Satisfaction index: 2.37

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: West



Bellevue, Wash.-based Skipper's wins applause from two behavioral groups: The sensible, everything-in-moderation set as well as the health-conscious. The 214-unit chain, recently purchased by Pizza Hut franchisee National Pizza, places in the top 10 among fast-food chains for food quality and service. Patrons also say the chain offers good value.

3. LONG JOHN SILVER'S

Satisfaction index: 2.35

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Medium

Region: Central



The health-conscious and time jugglers—who let convenience make eating-out decisions—are loyal customers of Lexington, Ky.-based Long John Silver's. The 1,478-outlet chain also earns high marks for cleanliness and service. Long John Silver's also does well in the South, and empty nesters rank after seniors as the chain's best customers.

4. CAPTAIN D'S

Satisfaction index: 2.30

Strongest . . .

Attribute: Good value

Customers: Seniors

Spending level: Heavy

Region: South



Nashville, Tenn.-based Captain D's receives equally high marks for food quality and good value, and service places a close second. The 588-unit chain, owned by Shoney's Inc., finds its best customers in sophisticated diners, the health-conscious and time jugglers. Empty nesters are also strong customers for Captain D's.

SEAFOOD

Burger chains, vying for health-conscious patrons with new chicken offerings, might want to look at their seafood competitors, whose menus attract exactly that type of consumer. And the seafood chains profiled here serve them especially well: Food quality and service are rated the highest attributes among the four. Seafood patrons continue to be older (always worried about diet or just getting started) and sophisticated (opting for broiled fish instead of fried, no doubt).



Red Lobster's seafood specials earn the chain high food-quality marks.

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CHOICE IN CHAINS

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FAMILY DINING

Customers like this segment—a lot. The No. 1 family-dining chain scores among the top 10 on all five attributes; the second on four out of five. Overall excellence of product is the big draw here: Customers cite food quality as the best thing about five of the six chains on this page, and many of these chains fare well with the taste-seeking sophisticates. But service, value and nutrition are important, too. To compete in this segment, any concept has to be a decathlete.

1. BOB EVANS

Satisfaction index: 2.56

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: Central



Columbus, Ohio-based Bob Evans scores in the top 10 for all attributes except atmosphere among all full-service restaurants included in the survey. The 230-unit chain appeals most to dining sophisticates, that group of customers who value flavor over price. Bob Evans also does well with time jugglers who let convenience dictate eating-out choices.

2. BAKERS SQUARE

Satisfaction index: 2.52

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: West



The 160-store restaurant also draws much of its business from singles. But the Denver-based chain's least frequent customers are families with kids in control of the dining choices. Bakers Square is slightly more popular with women than men: Just more than half its women patrons like the chain a great deal, compared to just under half for men.

3. SHONEY'S

Satisfaction index: 2.47

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: South



Value and service are the second-best things about this Nashville, Tenn.-based chain, say its patrons, who tend to be seniors and empty nesters. They're also part of the health-and-diet group, who advocate sensible eating. The 630-unit chain draws strongly from medium meal spenders as well. The Central region is another strong area for Shoney's.

4. PERKINS

Satisfaction index: 2.37

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Medium

Region: Central



This Memphis, Tenn.-based family-restaurant concept draws the sophisticated behavioral group, followed by variety-seeking time jugglers. After the quality of its food, service and atmosphere are 350-unit Perkins' most highly praised attributes. The chain's patronage is just a shade less strong in the Eastern region than in the Central region.

5. SWENSEN'S

Satisfaction index: 2.35

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: East



Food quality is important to the patrons of Phoenix-based Swensen's, but a clean environment comes next. A strong desert menu at the 300-unit chain attracts sophisticates; sensible eaters like it almost as much. The chain does very well with teenage patrons between 15 and 17 years old, but, curiously enough, has less appeal to traditional families.

6. POFOLKS

Satisfaction index: 2.34

Strongest . . .

Attribute: Good value

Customers: Seniors

Spending level: Heavy

Region: South



Concerns about health and diet lead many calorie- and cholesterol-watching patrons to PoFolks' door. But taste is key, too: Food quality is the No. 2 attribute at Nashville, Tenn.-based PoFolks, and sophisticates rate the 150-outlet chain almost as highly as weight watchers. The chain's patronage is high in the Western region as well as in the South.

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CHOICE IN CHAINS

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CAFETERIA

The rules of the cafeteria game are clear-cut. Food quality is the most important concern, followed by its price/value. Remaining energies should be concentrated on service and cleanliness, because atmosphere is least important to the base customer. The four chains on this page all rank remarkably close to one another in satisfaction, and they exhibit about the same attribute profile; but they all exert a subtly different appeal on their patrons—who might be seniors, but no longer are the stereotypical elderly.

1. LUBY'S

Satisfaction index: 2.58

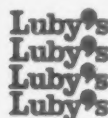
Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: South



When the parts are right, the whole succeeds: Customers put San Antonio-based Luby's among the top five full-service chains

in everything except atmosphere—and in the top 10 for that. Seniors are an important part of the customer base, but 120-unit Luby's also appeals to families where children are permitted to call the shots.

2. FURRS

Satisfaction index: 2.46

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: South



The menu flexibility of the cafeteria segment allows Lubbock, Texas-based Furrs to draw both heavy and light meal

spenders almost equally. Both types of diners are likely to be sensible eaters, though the 160-unit chain also attracts the time-juggling behavioral group with its variety and high perceived price/value.

3. MORRISON'S

Satisfaction index: 2.43

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: South



Food quality comes first, leaving value and service to tie for second-most important attribute at Mobile, Ala.-based Morrison's.

Cleanliness and atmosphere come next. Perhaps because seniors figure so large at the 180-unit chain, it draws heavily from the health-and-diet behavioral group; but young, time-juggling families like it, too.

4. PICCADILLY

Satisfaction index: 2.42

Strongest . . .

Attribute: Food quality

Customers: Seniors

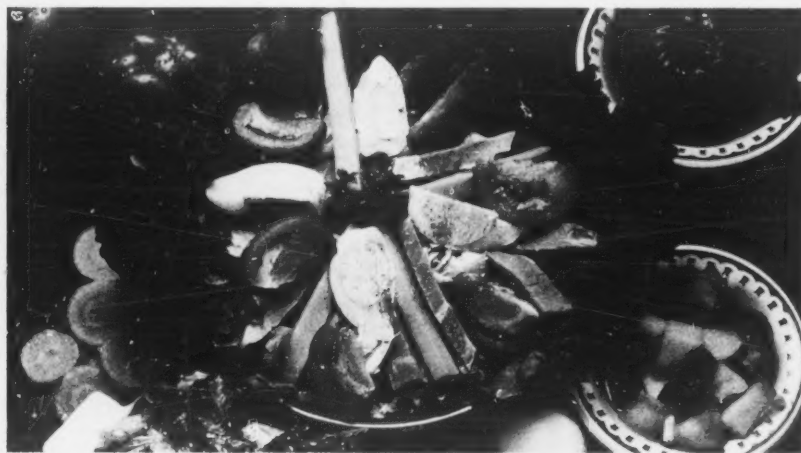
Spending level: Heavy

Region: South



Between health-and-diet conscious customers and the sensible appetites, the majority of Piccadilly's patrons express an interest

in monitoring their diets; but families with kids in control also give the Baton Rouge, La.-based chain some of their dining attention. Empty nesters also are good customers for the 140-unit chain.



Cafeterias garner high food-quality marks from seniors, their best customers.

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CHOICE IN CHAINS

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CHICKEN

Good and good for you, say Choice in Chains respondents about America's fast-food chicken. All six companies get rave reviews for food quality, and that trait is patrons' favorite at five of the six chains profiled. And chicken appeals to several distinct groups, ranging from health-conscious consumers to families whose kids decide where to eat. Despite such wide appeal, regional food tastes remain strong. The South is the strongest region for all these chains, even for national Kentucky Fried Chicken.

1. CHICK-FIL-A

Satisfaction index: 2.44

Strongest . . .

Attribute: Food quality

Customers: Traditional families

Spending level: Heavy

Region: South



Atlanta-based Chick-fil-A once again takes the top chicken spot after a year-long hiatus. The chain's Southern tradition is strong: 41.4% of survey respondents who patronize Chick-fil-A live in that region. The 390-unit chain, situated mainly in malls, appeals to time jugglers, who base eating-out decisions on convenience.

2. GRANDY'S

Satisfaction index: 2.42

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: South



The "grannies" who serve as hostesses in Grandy's 206 outlets certainly seem worth their salaries: the chain boasts one of the highest service ratings for fast-food restaurants. The Lewisville, Texas-based chain is a favorite among health-conscious consumers as well as sensible diners. Grandy's is part of the American Restaurant Group.

3. KENTUCKY FRIED CHICKEN

Satisfaction index: 2.33

Strongest . . .

Attribute: Food quality

Customers: Traditional families

Spending level: Medium

Region: South



Louisville, Ky.-based Kentucky Fried Chicken, owned by PepsiCo, also has strong patronage in the Central and West regions. The 7,761-unit chain does best with families whose children influence eating-out decisions, and with time jugglers who place a premium on convenience. KFC rates above-average scores in all categories except atmosphere.

4. POPEYES FAMOUS FRIED CHICKEN

Satisfaction index: 2.27

Strongest . . .

Attribute: Food quality

Customers: Singles

Spending level: Heavy

Region: South



Popeyes, based in Jefferson, La., also scores well for value, but earns below-average marks on service and atmosphere. Popular with health-conscious consumers, the 715-unit chain also rates highly with those who take a sensible approach to eating out. Women favor Popeyes: 40% of female patrons and 30% of male patrons like the chain a great deal.

5. BOJANGLES'

Satisfaction index: 2.25

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy

Region: South



Bojangles', Charlotte, N.C., receives praise for good value and service as well as food quality. Sophisticates, or customers who call themselves upscale in matters of taste and living, are Bojangles' best customers. The 61-restaurant chain also fares well among singles. Bojangles is owned by New York-based Horn & Hardart.

6. CHURCH'S

Satisfaction index: 2.12

Strongest . . .

Attribute: Good value

Customers: Singles

Spending level: Medium

Region: South



Church's, which is now owned by fourth-ranked Popeyes, also receives high marks for food quality and service. The San Antonio-based chain of 1,481 restaurants is a favorite with seniors. Convenience-seeking time jugglers are among Church's best customers. Almost 25% of the chain's patrons say its atmosphere needs improvement.

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CHOICE IN CHAINS

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STEAK

Customer expectations differ greatly across this segment. At the top, diners like Stuart Anderson for food quality and atmosphere; value is the least important feature, though they still give its prices high marks. But at Bonanza, price/value perception is everything, and atmosphere matters much less. The chains still have plenty in common, of course. All tend to draw an older customer who spends heavily on eating out; and most have broadened their menus enough in the last few years to attract a customer who claims to be concerned about health.

1. STUART ANDERSON'S

Satisfaction index: 2.69

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: West



Among all full-service restaurants, Los Altos, Calif.-based Stuart Anderson ties for first in food quality and ranks No. 1 in value and No. 3 in service, atmosphere and cleanliness. No wonder the 85-unit chain receives the highest satisfaction index of any national chain in the survey. Health-minded and sophisticated patrons are big Stuart Anderson's fans.

2. STEAK & ALE

Satisfaction index: 2.61

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: South



Keeping up the high competitive level in this segment, Dallas-based Steak & Ale places in the top five full-service chains of any kind on quality, service, atmosphere and cleanliness. A broad menu helps the 160-unit chain draw well from both sophisticates and the behavioral group concerned with health and diet.

3. GOLDEN CORRAL

Satisfaction index: 2.54

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Medium

Region: West



For a steakhouse chain, Golden Corral shows a surprising amount of strength among calorie-watching behavioral groups, and very consistent patronage numbers in the West, South and Central regions. Households with female heads opt for the Raleigh, N.C.-based chain of 500 restaurants more often than those headed by males.

4. SIZZLER

Satisfaction index: 2.52

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: West



Perhaps because they also offer salads and seafood, Sizzler's 650 restaurants appeal to the health- and diet-conscious patron; but taste-seeking sophisticates also favor the Los Angeles-based chain. Though many of its customers spend heavily on meals, Sizzler ranks seventh among the full-service chains included in the survey.

5. MR. STEAK

Satisfaction index: 2.42

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Heavy

Region: Central



After food quality, consumers like Littleton, Colo.-based Mr. Steak's cleanliness best. Customers come most often from the health-and-diet group, then from the ranks of sophisticates and sensible eaters. After seniors, empty nesters are the 125-unit chain's best customers. Mr. Steak also is popular in the Eastern region.

6. BONANZA

Satisfaction index: 2.40

Strongest . . .

Attribute: Good value

Customers: Empty nesters

Spending level: Medium

Region: Central



Because value is its strongest feature, Dallas-based Bonanza succeeds better with traditional families than most other steakhouse chains. Time jugglers who let kids, convenience and a range of food choices dictate dining habits also favor the 620-unit concept over others. Bonanza also has strong patronage in the South.

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CHOICE IN CHAINS

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SWEETS

Why do Americans eat sweets? Because we like them! Respondents give highest marks to quality of food for all the sweets chains they patronize, and winner Mrs. Fields scores the highest among all fast-food chains listed on the survey. Apparently, sweets patrons don't mind paying for their indulgences: None of the chains show high marks for good value, and all but one attract heavy food-away-from-home spenders. This year's poll also indicates that sweet treats aren't just popular with kids, but with seniors, singles and—surprise—health-conscious consumers as well.

1. MRS. FIELDS COOKIES

Satisfaction index: 2.60

Strongest . . .

Attribute: Quality of food

Customers: Traditional families

Spending level: Heavy

Region: West



Almost everybody likes Mrs. Fields cookies: The delectable disks garner the highest food-quality rating of any of the fast-food

chains on the survey this year, with more men than women saying Mrs. Fields' food quality is above average. The 650-unit chain, based in Park City, Utah, also receives raves for cleanliness and service.

2. BASKIN-ROBBINS

Satisfaction index: 2.59

Strongest . . .

Attribute: Quality of food

Customers: Traditional families

Spending level: Heavy

Region: West



Glendale, Calif.-based Baskin-Robbins receives the third-highest score for cleanliness among the fast-food chains. The

3,386-unit chain also gets good marks for service, and scores well with singles as well as traditional families. Time jugglers—those concerned about convenience—are more likely to patronize Baskin-Robbins than other groups.

3. TCBY

Satisfaction index: 2.59

Strongest . . .

Attribute: Quality of food

Customers: Seniors

Spending level: Heavy

Region: South



Frozen yogurt is no longer a fad, but a way of life for the health-conscious: TCBY is most popular with this group. The Little

Rock, Ark.-based chain is better-liked by women: 63% of female patrons like the chain a great deal, compared to 50% of male TCBY patrons. The 4,000-unit chain receives the highest service rating among fast-food chains.

4. T.J. CINNAMONS

Satisfaction index: 2.57

Strongest . . .

Attribute: Quality of food

Customers: Seniors

Spending level: Heavy

Region: East



T.J. Cinnamons, Kansas City, Mo., scores the second-highest (after Mrs. Fields) food-quality rating among fast food chains, and

among the top 10 in atmosphere and cleanliness. Teenagers, too, like T.J. Cinnamons: More than half its teenage patrons like the chain a great deal. The company operates about 1,200 cinnamon-roll stores nationwide.

5. DUNKIN' DONUTS

Satisfaction index: 2.36

Strongest . . .

Attribute: Quality of food

Customers: Singles

Spending level: Heavy

Region: East



Randolph, Mass.-based Dunkin' Donuts scores highest with sophisticates—urban, upscale consumers. Patrons with sensible

appetites, those who balance taste and health needs, run a close second. Traditional families follow singles as Dunkin' Donuts' best customers. The 1,767-unit chain scores above average for all attributes except atmosphere.

6. DAIRY QUEEN

Satisfaction index: 2.35

Strongest . . .

Attribute: Quality of food

Customers: Traditional families

Spending level: Medium

Region: Central



Kids reign at Dairy Queen: The ice-cream stores are most popular with families whose children dictate most eating-out choices.

The Minneapolis-based chain of 5,122 outlets also scores well with heavy spenders and with patrons who live in the South. DQ receives only one below-average mark, and that for atmosphere.

continued on page 90

CHOICE IN CHAINS

continued from page 84

REGIONAL WINNERS

Choice in Chains respondents' favorite restaurants are those in their own back yards. Bill Knapp's, winner in the Central region; Ryan's Family Steak Houses, top chain in the South; Eastern winner Häagen-Dazs Ice Cream; and Marie Callender's Pie Shops, the West's favorite, all measure up admirably against their national counterparts. Both Marie Callender's and Häagen-Dazs win higher food-quality scores than national winners Bob Evans and Mrs. Fields.

BILL KNAPP'S

Satisfaction index: 2.53

Strongest . . .

Attribute: Food quality

Customers: Seniors

Spending level: Medium



Bill Knapp's country-style menu of sandwiches, salad and soup is popular with singles, too, although seniors make up more than half the chain's patronage. The Battle Creek, Mich.-based chain is popular with health-conscious consumers and with those who say they take a sensible approach to eating out, weighing both taste and diet factors. Bill Knapp's wins high praise from men: 56.9% of the chain's male patrons like the chain a great deal, compared to 41.4% of women customers. And although the 63-unit chain has several restaurants in Florida, all the Bill Knapp's patrons surveyed live in the Central region.

CENTRAL

RYAN'S FAMILY STEAK HOUSES

SOUTH

Satisfaction index: 2.63

Strongest . . .

Attribute: Good value

Customers: Empty nesters

Spending level: Heavy



In the steak-house category, Ryan's, based in Greenville, S.C., has a satisfaction index second only to Stuart Anderson's, the national winner.

The 122-unit chain wins praise for food quality (Ryan's food costs run close to 40% of sales) and service (the restaurants feature self-serve food bars that complement steak, chicken and seafood entrees). Among behavioral groups, Ryan's is popular with families whose children strongly influence eating-out habits, and with "sensible" consumers who choose restaurants that meet both taste and nutrition requirements. Male and female patrons equally like the chain.

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HÄAGEN-DAZS

EAST

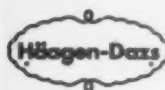
Satisfaction index: 2.61

Strongest . . .

Attribute: Food quality

Customers: Empty nesters

Spending level: Heavy



Häagen-Dazs, the favorite in the East, is based in Teaneck, N.J., and finds its best customers among folks who consider themselves sophisticated diners-out. Health- and diet-

conscious consumers also frequent the ice cream chain, most likely to try its new fruit and frozen-yogurt entrees. The 315-unit chain does well with traditional families as well as empty nesters. Pillsbury-owned Häagen-Dazs is much more popular with women than with men: 67.5% of its female patrons like the chain a great deal, versus 47.2% of the chain's male patrons. And two-thirds of teenage Häagen-Dazs customers like the chain a great deal.

MARIE CALLENDER'S PIE SHOPS WEST

Satisfaction index: 2.57

Strongest . . .

Attribute: Food quality

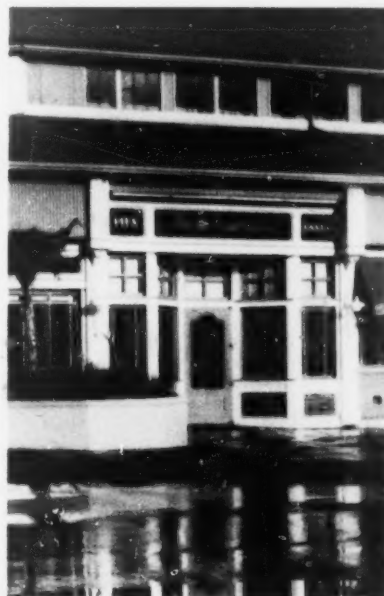
Customers: Empty nesters

Spending level: Heavy



Marie Callender's upscale menu of pies and sandwiches is most popular with patrons who call their eating-out habits sophisticated. The

chain's wood and stained-glass decor, which has won several restaurant design awards, garners Marie Callender's a high score for atmosphere. Health- and diet-concerned patrons are also frequent patrons of the 152-unit coffee shop chain. Phoenix-based Marie Callender's has a loyal following among seniors as well as empty nesters. Nearly two-thirds of Marie Callender's patrons call themselves heavy spenders, with weekly dining-out budgets of more than \$26.



Marie Callender's woos the West with good food and an elegant atmosphere.

continued on page 94

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CHOICE IN CHAINS

continued from page 91

R&I's research method for Choice in Chains generates a profile of each chain's customers.

In compiling this year's *R&I* Choice in Chains ranking, the market research firm of NPD Group conducted a mail survey of 6,694 households equally distributed in the Northeast, North Central, South and West census regions. The questions for each region contained a list of 73 restaurant chains; a total of 105 chains were included in the survey. The final sample for the survey was 4,655 completed interviews, for a response rate of 70%.

As in past years, the heart of the survey is each chain's satisfaction index. To calculate this, researchers ask those who patronized a chain in the last year if they liked it, liked it a great deal, or disliked it. "Like" responses earn two points, and "liked a great deal" earn three; "dislike" answers are given one point. The point total is then

divided by the number of patrons who express an opinion about the chain, resulting in a number between 1 and 3 that indicates how well a chain pleases its customers. The chain with the highest satisfaction index in a menu segment wins the segment. Where two concepts earn the same index, higher patronage decides the winner.

This year *R&I* adds two new categories to the 10 included in past surveys. One breaks out the cafeteria chains, ranking them by index the way burger or dinner-house chains are rated. The second innovation ranks all "regional" chains within a geographical area. These 30 chains have measurable patronage in only one region of the country; they span the menu, from steakhouses to sweets. Using the satisfaction index, *R&I* has selected four

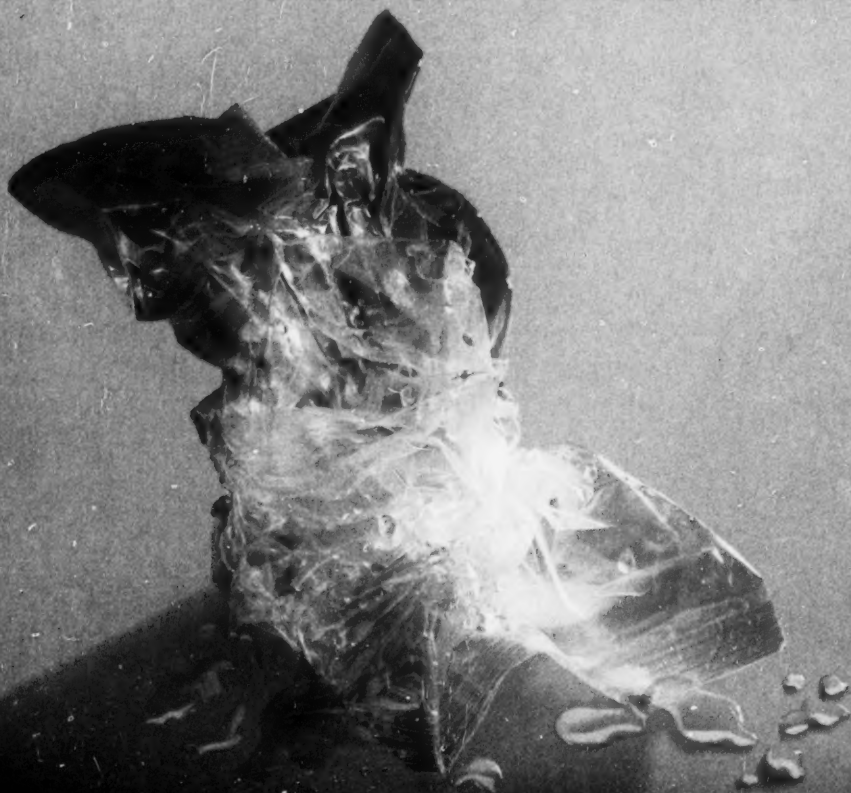
winners from this list, one in each region of the country.

After voting on the overall satisfaction provided by a given chain, recent patrons are asked to give separate ratings to its main attributes: food quality, value, service, atmosphere and cleanliness. In each case, the rating indicates whether a customer thinks the concept is above average, average, or needs improvement in that attribute.

The Choice in Chains survey also draws a profile of each chain's typical customers: their demographic characteristics, the weekly amount their households spend on food away from home, and the behavioral factors that influence their dining-out choices.

The survey identifies three general spending levels for food away from home. Heavy-spender households normally spend a total of \$26 or more on food and beverages purchased from a fast-food or full-service restaurant. Medium-spender households spend \$10 to \$25 a week on eating out, while light-spender households purchase less than

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\$10 worth of food away from home.

Survey subjects fall into four demographic categories. "Singles" are those unmarried customers under 65 years old, from any income level. For purposes of this survey, "traditional families" are those households with children under 18 living at home and only one spouse employed. "Empty nesters," on the other hand, have one income and no children under 18 living at home. And "seniors" are those households in which the female head is 65 years old or more.

Finally, in an effort to correlate customers' satisfaction with their overall eating habits, this year's survey classifies households by the foods and beverages they consume at home and away.

Eating preferences of "kids in control" families are strongly influenced by the children in the home. Their household diet features a lot of items kids enjoy—peanut butter, cookies, pizza, hot dogs and fast-food takeout items. They use microwaves and other appliances often, worry little about salt

or cholesterol intake, and tend to consider price in making purchases.

"Time juggler" households often have very young children whose eating preferences must be balanced against those of older members. In fact, the group does not show strong preferences for any kind of food or drink except baby food. These families are often younger and larger than the "kids in control" group, but they are just as sensitive to price and are no more concerned with health or nutrition. Many of the eating decisions time jugglers make are made under time pressure; homemakers in this group are often employed full time. Their lesser preferences show the important influence children have on buying decisions: fruit bars, soft drinks, pre-sweetened cereals, pizza, casseroles and combination entrees.

"Sophisticates" lead the typical upscale-urban-unencumbered life. They consider themselves culinary adventurers. When dining out—something they do often—these people tend

to select new restaurants, foreign cuisines and dishes they have not tried before. When dining at home, they indulge very adult tastes for items like wines, veal, lamb, butter, sourdough and bran breads, and premium ice creams. They use the pressure cooker more often than other groups, and are less interested in the nutrition of their food than in its convenience.

On the other hand, "sensible appetites," look for both taste and good health. The tastes they look for come from hearty meat-and-potatoes fare such as pot roast, pot pies, gravies and breads; but they will sacrifice some of that taste to save a few calories.

"Health and diet" consumers are most interested in weight loss and nutrition. They strongly avoid fast-food takeout items and use microwaves more than most people, often preparing entire main meals with them. Homemakers in this group shy away from fried food, cholesterol and fat, and feel strongly that artificial sweeteners taste as good as sugar.

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■ COLLEGES & UNIVERSITIES

Racial Tensions Create Rainbow of Problems

Focusing on the job helps ease racial problems in college foodservice.

At a large university on the East Coast, the number of students willing to work for the foodservice department has dwindled. Rather than being served by their peers, students are now served by outside workers, and that situation has created a number of problems, some of which definitely have racial overtones.

The student servers were of the same race—white—and came from a socioeconomic background similar to that of most student customers. The new servers often are less educated, come from poorer families and, in this instance, often are black.

"In some cases, the new servers made it very clear that they resented the college kids," says the foodservice director, "and in some respects, you can understand their feelings. But that doesn't mean you can have the servers

calling students 'snowballs'—which has happened.

"But there's another, at least equally significant, problem," continues the director. "The supervisors, who are responsible for the servers, had been accustomed to working with a generally much more enthusiastic group of people. But the 'buttons' that they used to motivate the old servers just haven't worked as well with the newer servers, and the supervisors are very frustrated."

What has happened on this campus is not unique. An article in *The New York Times* describes the following recent racial and ethnic incidents on college campuses: Black students and faculty at Dartmouth and Smith colleges being harassed; swastikas and "white power" scrawled on Yale University's Afro-American Cultural Center and the city's Holocaust memorial. The National Institute Against Prejudice and Violence, based in Baltimore, says there were incidents of bias at more than 160 colleges in the last two years and that the rate of incidents appears

to be increasing. Officials of the Anti-Defamation League of B'nai B'rith say more anti-Semitic incidents on college campuses were reported last year than the previous year.

Similar incidents take place off campus, as well. In early September, for example, The Justice Department opened a criminal inquiry into charges that law enforcement officers committed civil rights violations while quelling a weekend disturbance by a crowd of mostly black college students at Virginia Beach, Va.

The problems of racism seem to be more pervasive than they were in the 1970s. And the results range from blatant to subtle. For example, following several violent racial incidents, *USA Today* polled 601 blacks nationally on how racism affects their daily lives. More than 64% of those who live in central cities felt that it would be dangerous to enter parts of their community simply because of their skin color. (See chart.)

Anti-bias experts say the increase in racially motivated incidents reflects a mood of heightened anxiety among white Americans over their own economic security. Janet Caldwell, a program associate at the Center for Democratic Renewal, an Atlanta-based research group that monitors the Ku Klux Klan and other hate groups, says that tougher competition for jobs has removed the assurance shared by previous generations of white working-class teenagers that good-paying industrial jobs were theirs for the asking.

Concern on college campuses recently has been heightened as admission officers make greater efforts to increase the number of minorities on their campuses (done, in part, to meet requirements for federal grants and other monies).

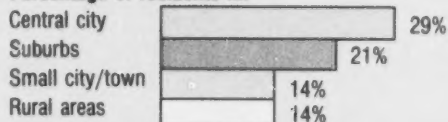
Others attribute the increase to the age of many of the perpetrators. In New York City, for example, 70% of all bias incidents are now committed by people under 19, according to the New York police department. Caldwell explains, "Young people are out of touch with history. They don't have a connection to the civil rights movement and they don't have that kind of ideal."

At the East Coast college mentioned at the beginning of this article, getting everyone to talk about the problem was the first step taken to ease tensions. A

BLACKS' VIEWS OF BIAS

After several violent racial incidents, *USA Today* polled 601 blacks nationally to find out how racism affects their daily lives. Following are the percentages of respondents who report racial harassment by whites, daily or frequently.

Percentage of residents in:



The poll's results also reported the percentage of city residents who feel it would be dangerous to enter parts of their community simply because they are black.

Percentage of residents in:



Source: Jeff Dionise, *USA Today*, Sept. 5, 1989.

ACTION EXPRESS

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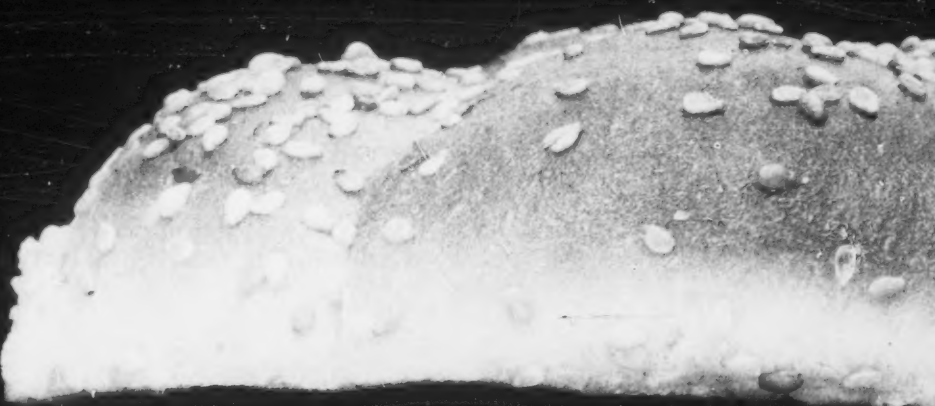
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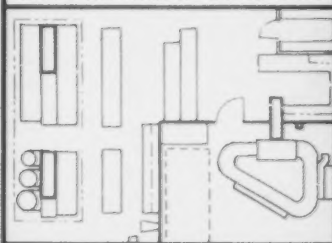
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Love Those Legumes!

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Alan Stillman, an independent giant.

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R&I's Starship Enterprise is our annual ranking of 100 independent operations that set new foodservice records in traffic counts and sales. Interviews with the galaxy of top independent operations explore their expansion plans and major challenges such as labor and rising insurance costs.

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America's Highest-Grossing Restaurants

By Monica Kass

"Life should be gulped, not sipped."

The words, scrawled across half-page ads in *The New York Times*, trumpet the arrival of Alan Stillman's newest restaurant in a big, bold way. Alan Stillman's way.

The restaurant, *la Cité*, is projected to top \$9 million in food and beverage sales in 1990, in league with Stillman's other restaurants: Smith & Wollensky, which grossed \$17.5 million in '89, and the Manhattan Ocean Club and Post House, both above \$5 million in '89. Stillman contends that as the '90s progress, most of the top-grossing independent restaurants in America will be operated by restaurateurs like himself who own not one, but several grand-scale independents.

He might be right. In 1985, multiunit operators owned eight of the 35 highest-grossing restaurants in the country. In 1990, 22 of the 35 at the top are owned by multiunit operators. Still, as *Restaurants & Institutions'* eighth annual ranking of the Top 100 independents shows, single-unit operators continue to hold their own.

As in years past, *R&I's* Top 100 ranks

restaurants on the basis of food and beverage sales; revenues from gift shops, cover charges and room rentals are not included.

Each restaurant in the ranking has been open at least 12 months and is operated by a restaurateur who owns no more than 10 restaurants. In the case of multiple restaurant ownership, operators were asked to list figures for their largest unit only.

Restaurants located in areas with built-in customer traffic—such as theme parks, casinos and large airports—were disqualified from the ranking. Restaurants operated by hotels are not listed; restaurants that lease space in hotels are.

Following the ranking is our listing of the 40 Top Contenders, restaurants just below this year's \$5.6 million cutoff. *Great Expectations* gives the facts for new restaurants that promise high volumes—and competition—next year. *Expansion Plans* is a report on restaurants being built in the next two years by the highest-grossing 140, and *Top Notches* offers more detailed news and numbers from restaurants at the top.

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THE TOP 100

1990 Rank	Restaurant/city/opened/owner	Sales (in \$ millions)	Seats	Dinner check (w/bev.)	Dayparts	People served/year
1	Hilltop Steak House Saugus, Mass., 1951 Frank Giuffrida & Jack Swansburg	\$32.130*	1,300	\$10.00	L,D	2,427,600
2	Rainbow Room New York, 1934 Joe Baum, Michael Whiteman, Dennis Sweeny	26.700†	1,200	100.00	B,L,D	450,000
3	Tavern on the Green New York, 1976 Warner LeRoy	25.550	1,197	46.00	L,D	560,000
4	Smith & Wollensky New York, 1977 Alan Stillman	17.500	420	50.00	L,D	369,200
5	Phillips Harborplace Baltimore, 1982 B. Phillips, S. Phillips, S. Phillips, P. Wall	15.884	700	16.25	L,D	990,000
6	Anthony's Pier 4 Boston, 1963 Anthony Athanas & Family	15.096	650	23.00	L,D	663,000
7	The Manor West Orange, N.J., 1957 Harry Knowles & Family	14.600	1,500	47.00	L,D	433,500
8	Sparks Steakhouse New York, 1964 Pat & Mike Cetta	13.617*	300	60.00	L,D	266,100
9	Legal Sea Foods Boston (Park Plaza), 1980 The Berkowitz Family	13.318	380	24.00	L,D	546,000
10	The Kapok Tree Clearwater, Fla., 1957 Aaron R. Fodiman	12.864	1,750	14.68	L,D	1,019,397
11	Spenger's Fish Grotto Berkeley, Calif., 1890 Frank L. Spenger & Frank Spenger Jr.	12.500	700	17.00	B,L,D	910,000
12	The Four Seasons New York, 1959 Paul Kovi & Tom Margittai	12.374**	400	80.00	L,D	164,100
13	The Waterfront Covington, Ky., 1986 J. Ruby, C. Collinsworth, B. Esiason	12.130	290	39.80	D	166,400
14	The "21" Club New York, 1923 Knoll Int'l. Holdings (Marshall Cogan)	12.000	650	65.00	L,D	162,000
15	Scoma's San Francisco, 1965 Al Scoma	11.865	300	23.90	L,D	475,211
16	Old San Francisco Steakhouse Dallas, 1974 Henry Reed & Partners	11.220*	750	18.00	L,D	514,000
17	Old Original Bookbinders Philadelphia, 1865 John & Albert Taxin	11.000	950	35.00	L,D	300,000
18	Bob Chinn's Crabhouse Wheeling, Ill., 1982 Robert & Marilyn Chinn	10.819	630	22.91	L,D	592,000
19	Jerry's Famous Deli Los Angeles, 1978 Isaac Starkman	10.200**	350	20.00	B,L,D	525,000
20	Joe's Stone Crab Miami, 1913 JoAnn Sawitz-Bass	10.000††	400	32.00	L,D	325,000
21	Le Cirque New York, 1974 Sirio Maccioni	10.000	125	70.00	L,D	80,000
22	The Cheesecake Factory Marina del Rey, Calif., 1983 Cheesecake Corp. of America (David Overton)	9.900	250	12.60	L,D	550,000
23	Jimmy's Harborside Boston, 1924 Charles Doulos	9.870**	460	25.00	L,D	394,000
24	Hard Rock Cafe Honolulu, 1967 Peter Morton	9.750	248	13.45	L,D	719,000
25	Gallagher's Steak House New York, 1937 Jerome Brody	9.500	240	32.00	L,D	296,875

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THE TOP 100

1990 Rank	Restaurant/city/opened/closed	Sales (in \$ millions)	Seats	Dinner check (w/bev.)	Dayparts	People served/year
26	Bice New York, 1987 de Bice USA Inc. (Roberto Ruggieri)	\$9.480	180	\$55.00	L,D	223,000
27	Ditka's Chicago, 1986 M. Ditka, G. Silas, G. Pontillo, J. Vainisi	9.244	300	30.00	L,D	173,098
28	The Berghoff Chicago, 1898 Herman Berghoff Family	9.216	700	13.00	L,D	900,000
29	The Russian Tea Room New York, 1926 Faith Stewart-Gordon	9.120	325	40.00	L,D	230,000
30	Zehnder's of Frankenmuth Frankenmuth, Mich., 1856 Edwin L. Zehnder	9.085	1,300	12.60	B,L,D	990,000
31	The Water Club New York, 1982 Michael O'Keefe	9.000*	250	60.00	L,D	138,700
32	Dock's Oyster Bar and Seafood Grill New York, 1958 B. Corwin, A. Cutler, H. Levine	8.961	286	32.00	L,D	280,000
33	Yesterday's Fort Lauderdale, Fla., 1975 Peter Goldhahn	8.854	480	30.00	D	295,196
34	Old Ebbitt Grill Washington, D.C., 1971 Stuart Davidson, John Laytham	8.692	400	25.00	B,L,D	568,600
35	Peter Luger Steakhouse Brooklyn, N.Y., 1887 Marilyn Forman Spiera	8.688*	130	50.00	L,D	200,200
36	The Lobster House Cape May, N.J., 1940 Wallace Laudeman	8.653	534	50.11	B,L,D	560,000
37	Frankenmuth Bavarian Inn Frankenmuth, Mich., 1888 William Zehnder Jr. Family	8.550	1,200	10.03	L,D	800,000
38	Rascal House Miami Beach, Fla., 1954 N. Stamler, S. Stamler, A. Goodman	8.435	245	8.40	B,L,D	1,750,000
39	Water's Edge Restaurant Long Island City, N.Y., 1985 Marika & Stuart Somerstein	8.432	500	50.50	L,D	79,560
40	Mai-Kai Fort Lauderdale, Fla., 1956 Mireille Thornton	8.364*	475	40.00	L,D	227,250
41	Kelly's Roast Beef Revere, Mass., 1951 Dorothy R. McCarthy, Raymond E. Carey Jr.	8.357	0†	7.25	L,D	1,152,685
42	Columbia Restaurant Tampa, Fla., 1905 Cesar Gonzmart & Family	8.252	1,660	15.00	L,D	730,000
43	Space Needle Restaurant Seattle, 1962 Howard S. Wright Family	8.134	240	30.00	B,L,D	377,000
44	Staro San Francisco, 1984 Jeremiah Tower	8.000	150	60.00	L,D	83,500
45	Canter's Los Angeles, 1948 Canter's-Fairfax Inc.	7.983	476	7.00	B,L,D	1,140,546
46	Cliff House San Francisco, 1850 Dan, Mary & John Hountalas	7.750	300	25.00	B,L,D	310,000
47	Brennan's New Orleans, 1946 Owen Brennan	7.500**	550	50.00	B,D	291,200
48	Harris Ranch Restaurant Coalinga, Calif., 1977 Harris Farms Inc. (John & Carole Harris)	7.436	500	20.00	B,L,D	734,270
49	Le Bernardin New York, 1986 Maguy & Gilbert LeCoze	7.290	120	98.00	L,D	91,000
50	Longhi's Lahaina, Hawaii, 1976 Robert & Peter Longhi	7.250	225	35.00	B,L,D	365,000

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THE TOP 100

1990 Rank	Restaurant/city/opened/owner	Sales (in \$ millions)	Seats	Dinner check (w/bev.)	Dayparts	People served/year
51	Harry Caray's Chicago, 1987 Chicago Dining Authority	\$7.068	175	\$27.65	L,D	247,156
52	Kowloon Restaurant Saugus, Mass., 1960 William & Madeline Wong	7.054	1,200	12.50	L,D	600,000
53	Gibby's Steaks & Seafood Fort Lauderdale, Fla., 1978 Donald & Steven Hersh	7.050	600	20.55	L,D	400,000
54	15th Street Fisheries Fort Lauderdale, Fla., 1979 Michael Hurst	7.050	320	32.00	L,D	220,000
55	Fisherman's Grotto #9 San Francisco, 1935 Nino Gerakli	7.000**	300	25.00	L,D	300,000
56	Bern's Steak House Tampa, Fla., 1956 Bern & Gert Laxer	7.000	320	33.00	D	200,200
57	Arnaud's New Orleans, 1918 Hi-Arc Inc. (Archie Cashbarian)	7.000	900	39.00	L,D	175,760
58	Jimmy's Beverly Hills, Calif., 1978 Jimmy Murphy	7.000	400	45.00	L,D	175,000
59	DCS Santa Monica, Calif., 1988 A. Spier, B. Mardes, W. Hufford, D. Price	7.000	350	45.00	L,D	165,880
60	Venus de Milo Swansea, Mass., 1960 Ronald & Monte Ferris	6.870	2,500	18.40	L,D	470,000
61	John Dominis Restaurant Honolulu, 1979 D.G. Anderson	6.828	300	60.00	D	126,315
62	Twix Oaks Cranston, R.I., 1935 William DeAngelus Jr.	6.802	550	12.75	L,D	604,692
63	Pacific Dining Car Los Angeles, 1921 Wesley A. Idol II	6.741	185	41.50	B,L,D	259,150
64	Joe Muer's Restaurant Detroit, 1929 Joe Muer	6.700	400	32.00	L,D	273,600
65	Union Oyster House Boston, 1826 Joseph, MaryAnn & Mary Milano	6.600	620	17.00	L,D	500,000
66	Savannah Moon Miami, 1986 William Krekler	6.600	215	55.00	L,D	178,378
67	The Angus Barn Raleigh, N.C., 1960 Alice & Van Eure	6.543	550	28.10	D	233,000
68	No Name Restaurant Boston, 1917 Nikos Contos	6.533**	300	10.00	L,D	730,000
69	Trattoria Dell'Arte New York, 1988 Sheldon Fireman	6.508	261	36.04	L,D	192,556
70	The Omega Niles, Ill., 1984 G. Stavropoulos & Partners	6.500	400	7.50	B,L,D	1,543,360
71	O'Shea's Wharf Restaurant Marco Island, Fla., 1976 Tom & Dolores Shea	6.500	500	16.95	L,D	430,000
72	Palio New York, 1985 Andrea Hellrigl	6.500	150	95.00	L,D	83,500
73	Montgomery Inn Montgomery, Ohio, 1951 Ted & Matula Gregory	6.395	400	10.50	L,D	900,000
74	Chez Joseph Agawam, Mass., 1969 Allan Skole	6.250	1,800	32.00	B,L,D	175,000
75	Junior's Restaurant Los Angeles, 1959 Marvin Saul	6.200	236	6.80	B,L,D	885,714

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THE TOP 100

1990 Rank	Restaurant/city/opened/owner	Sales (in \$ millions)	Seats	Dinner check (w/bev.)	Dayparts	People served/year
76	Sardi's New York, 1921 S. Lichnerstein	\$6.200	350	\$22.00	L,D	281,818
77	Spago West Hollywood, Calif., 1982 Wolfgang Puck & Barbara Lazaroff	6.200	160	44.00	D	133,200
78	F. McIlhenny's Saloon Shell Beach, Calif., 1973 Bruce Breaux & Tunny Ortali	6.154	367	15.75	B,L,D	352,241
79	Ray's Boathouse Seattle, 1949 R. Wholer, J. Sikma, E. Gingrich, E. Lasher	6.100	240	30.00	L,D	127,050
80	Tangier Restaurant Akron, Ohio, 1955 Edward J. George	6.087	2,000	20.00	L,D	250,000
81	Shorebird Beach Broiler Honolulu, 1978 John Pederson Ltd. (John McManus)	6.045	300	10.80	B,L,D	295,980
82	Rustic Inn Crabhouse Fort Lauderdale, Fla., 1956 H. Oreal, W. McDonald, W. Oreal	6.011	700	19.95	L,D	376,000
83	Pegasus Detroit, 1981 Ted Gatzaros, Jimmy Pappas	6.000*	260	12.00	L,D	500,000*
84	Salty's on Alki Seattle, 1985 Happy Guest Intl.	6.000	250	25.00	L,D	350,000
85	Ben Benson's Steakhouse New York, 1982 Ben Benson	6.000	270	46.00	L,D	167,060
86	China Grill New York, 1987 Jeff Chodorow, Rick Razansky, Larry Yogel	6.000	215	45.00	L,D	125,000
87	Carson's The Place For Ribs Chicago, 1978 Chris Carson	5.900	170	16.00	L,D	424,320
88	Harpoon Club Jupiter, Fla., 1980 Jupiter Food Service Inc.	5.900	650	24.06	B,L,D	372,000
89	The Forge Restaurant Miami Beach, Fla., 1969 Alvin I. Mahnik	5.895	375	47.00	D	175,000
90	The Ritz Newport Beach, Calif., 1977 Hans & Charlene Prager	5.800	350	50.00	L,D	150,000
91	Regine's New York, 1976 Roger Choukroun	5.800	120	70.00	L,D	77,000
92	Mike Fink Riverboat Covington, Ky., 1977 The Bernstein Family	5.785	450	23.00	L,D	250,000
93	The Chateau Restaurant Waltham, Mass., 1938 Louis Nocera & Marianne Sherry	5.763	800	11.50	L,D	650,000
94	Knicker's Restaurant Des Plaines, Ill., 1962 Nicholas Mitchell	5.725	1,250	20.55	L,D	270,050
95	Hatsuhana New York, 1976 Katsuhide Sato	5.710	130	80.00	L,D	101,500
96	Tobacco Company Restaurant Richmond, Va., 1977 Jerald D. Cable	5.635	250	25.09	L,D	240,981
97	Sfuzzi, New York, 1986 R. Colombo, P. Colombo, B. Galligan, D. Palmer	5.617	180	40.40	L,D	200,200
98	Leona's Chicago, 1950 The Toia Family	5.600	400	12.50	L,D	900,000
99	The Merritt Oakland, Calif., 1952 Walter Harmon	5.600	125	6.50	B,L,D	438,000
100	Gotham Bar & Grill New York, 1984 J. Kretschmer, J. Allen, Rich & Bob Rathe	5.600	175	55.00	L,D	110,000

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THE TOP 100

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40 TOP CONTENDERS

The 40 below the Top 100 all cleared \$4.5MM gross in '89.

101 Trail Dust Steak House, Dallas; opened 1977; sales, \$5.576MM*; seats 600; served 414,357.

102 Greek Islands
Chicago; opened 1971; sales, \$5.569MM*; seats 402; served 546,000.

103 Michel's at the Colony Surf, Honolulu; opened 1959; sales, \$5.536MM*; seats 150; served 110,284.

104 The Cyprus
Hinsdale, Ill.; opened 1951; sales, \$5.500MM**; seats 560; served 190,575.

105 Restaurant at the Phoenix, Cincinnati; opened 1988; sales, \$5.500MM**; seats 100; served 217,800*.

106 Pittypat's Porch
Atlanta; opened 1967; sales, \$5.478MM; seats 400; served 230,820.

107 Clifton's
Los Angeles; opened 1935; sales, \$5.460MM; seats 740; served 1,354,150.

108 Champpps
Richfield, Minn.; opened 1987; sales, \$5.388MM; seats 250; served 684,000.

109 Di Millo's Floating Restaurant, Portland, Maine; opened 1954; sales, \$5.375MM; seats 600; served (N/A).

110 Christo's Restaurant
Brockton, Mass.; opened 1964; sales, \$5.357MM; seats 450; served (N/A).

111 Bellini, by Cipriani
New York; opened 1987; sales, \$5.300MM; seats 85;

served 105,000.

112 Pals Cabin
West Orange, N.J.; opened 1932; sales, \$5.294MM; seats 400; served 450,000.

113 Buckhead Diner
Atlanta; opened 1987; sales, \$5.265MM; seats 170; served 325,000.

114 Claim Jumper
Puente Hills, Calif.; opened 1988; sales, \$5.252MM; seats 285; served 400,400.

115 Melrose Diner
Philadelphia; opened 1935; sales, \$5.200MM*; seats 106; served 1,092,000*.

116 Fountain Blue
Des Plaines, Ill.; opened 1977; sales, \$5.200MM; seats 330; served 310,250.

117 The Occidental
Washington, D.C.; opened 1986; sales, \$5.186MM; seats 180; served 140,040.

118 Café des Artistes
New York; opened 1915; sales, \$5.185MM; seats 107; served 125,000.

119 Sea Watch
Fort Lauderdale, Fla.; opened 1974; sales, \$5.125MM; seats 240; served 276,000.

120 Capt. Anderson's†
Panama City Beach, Fla.; opened 1967; sales, \$5.113MM; seats 585; served 287,000.

121 The Tadich Grill
Los Angeles; opened 1849; sales, \$5.100MM; seats 115; served 250,400*.

122 Citrus
Los Angeles; opened 1987; sales, \$5.087MM; seats 200; served 125,230.

123 The Ginger Man
New York; opened 1963; sales, \$5.000MM; seats 250; served 200,000.

124 Dominique's
Washington, D.C.; opened 1974; sales, \$5.000MM; seats 220; served 130,000.

125 Le Dome
Los Angeles; opened 1978; sales, \$5.000MM; seats 200; served 118,970.

126 Petrossian
New York; opened 1985; sales, \$5.000MM; seats 55; served 49,818.

127 Rusty Rudder
Rehoboth Beach, Del.; opened 1978; sales, \$4.973MM; seats 300; served 124,338*.

128 Jesse's Dockside
Dunedin, Fla.; opened 1988; sales, \$4.952MM; seats 374; served 411,955.

129 Seafood Shack
Cortez, Fla.; opened 1972; sales, \$4.952MM; seats 700; served 358,000.

130 Billy Reed's
Palm Springs, Calif.; opened

1973; sales, \$4.920MM; seats 300; served 500,000.

131 Commissary
Philadelphia; opened 1977; sales, \$4.914MM*; seats 100; served 792,000*.

132 Nick's Fishmarket
Chicago; opened 1977; sales, \$4.829MM; seats 225; served 130,000.

133 Nut Tree
Vacaville, Calif.; opened 1921; sales, \$4.802MM; seats 500; served 446,000.

134 Mickey Mantle's
New York; opened 1987; sales, \$4.800MM; seats 140; served 145,200.

135 Christ Cella
New York; opened 1959; sales, \$4.800MM; seats 300; served 100,000.

136 John Peel
Westbury, N.Y.; opened 1959; sales, \$4.750MM; seats 600; served 730,000.

137 Bishop's Restaurant
Lawrence, Mass.; opened 1949; sales, \$4.750MM; seats 500; served 290,400.

138 Il Fornaio
Gastronomia, San Francisco; opened 1988; sales, \$4.700MM; seats 135; served 234,000.

139 London Chop House
Detroit; opened 1939; sales, \$4.700MM; seats 200; served 102,000.

140 Hampshire House
Boston; opened 1942; sales, \$4.655MM; seats 500; served 250,123.

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*RAI estimate, **owner estimate, †open 275 days a year.

THE TOP 100

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EXPANSION PLANS

The big get bigger, planning new restaurants for 1990-91.

WEST

Peter Morton, owner of the Los Angeles-based Hard Rock USA (24), plans Hard Rock Cafes Nos. 9 and 10 this year. One will open in Las Vegas in June 1990, the second later in the year in Lahaina, Hawaii. . . . After operating his Los Angeles Pacific Dining Car restaurant (63) for 55 years, owner **Wes Idol** is branching out with plans to open a Pacific Dining Car in Santa Monica, Calif., sometime this fall. . . . **Roberto Ruggieri's** New York-based da Bice USA (26) will open Bice restaurants in Paris and Washington, D.C., in 1990 and in Palm Beach, Fla., and Atlanta in 1991. . . . **Wolfgang Puck and Barbara Lazaroff**, owners of Spago (77), will open Granita in Malibu, Calif., in 1990. . . . **Michel Richard**, owner of Los Angeles' Citrus (122), has teamed with restaurateur Bruce Marder to open the California Deli in Santa Monica, Calif., in March 1990. . . . **David Overton**, owner of

Marina del Rey, Calif.-based Cheesecake Factory (22), is opening a bilevel Cheesecake Factory, with a bistro/bar on one level and the main dining room upstairs, in Washington, D.C., in October 1990. If the bilevel concept is a success, Overton plans to repeat it in Baltimore, Tysons Corner, Va., and possibly Newport Beach and Santa Monica, Calif. . . . **John McManus and John Pederson Ltd.**, owner of the Shore Bird Beach Broiler, Honolulu, (81) will open its fifth restaurant in Lahaina, Hawaii, on May 1, 1990.

MIDWEST

Carl Bruggemeier and partners at the Restaurant at the Phoenix, Cincinnati, (105) will open Winner's Sports Cafe in June 1990. The 250-seat restaurant will be in the Cincinnati Sports Mall, a sprawling project including two sports academies, soccer fields, a sports medicine clinic, health club, day-care center and sporting-goods store.

. . . **The Carson Family**, owner of Chicago's Carson's The Place for Ribs (87), will demolish the restaurant's original building and replace it with a larger structure with parking on the roof in 1990. . . . **The Bernstein Family**, owner of the Mike Fink Riverboat restaurant in Covington, Ken., (92) will launch a new floating entertainment and restaurant complex this year. The culmination of nine years of planning, the complex is part of Covington's River Center development and will include a replica of the J.M. White cotton boat to be called the Spirit of America, which will house three restaurants and five entertainment concepts. . . . **Mike Ditka**, owner of Chicago's Ditka's restaurant (27), plans his first out-of-Illinois venture with partner **Tommy LaSorda** of the Los Angeles Dodgers for Las Vegas in May 1990. The restaurant will be on the grounds of a new Omni resort. Ditka will also be a partner in a fine-dining venture, Les Violins, to open in Chicago's River North district in fall 1990. . . . **Nicholas Nickolas**, owner of Nick's Fishmarket, Chicago, (132) plans to open his second Nicholas Nickolas restaurant in Schiller Park, Ill., in 1991. . . . **Jeff Ruby** and partner **Boomer Esiason**, owners of The Waterfront, Covington, Ken., (13) plan to open their third restaurant, a Northern Italian concept with 175 seats, in Cincinnati in 1991. . . . **The Chicago Dining Authority**, owner of Harry Caray's in Chicago (51), will open Ramsey's restaurant in June 1990.

SOUTH

Owen Brennan, owner of Brennan's, New Orleans (47), has sold a license to a group of investors headed by CNN cooking personality Bert Wolf to open a chain of restaurants called Owen Brennan's Louisiana Grill. The first

Legal Sea Foods (Natick, Mass., location shown here) to add another this year.



RESTAURANTS & INSTITUTIONS

will open in Memphis in March 1990 as the anchor store in a new strip shopping center. Two more units are planned for Southern locations. The Joseph Baum & Michael Whiteman Co., New York, is the consultant on the project. . . . **Cesar Gonzmart & Family**, owner of the Columbia Restaurant in Tampa (42), opened one Cha Cha Coconuts bar next to a new Columbia in Clearwater, Fla., and another next to the Sarasota Columbia in January 1990. . . . **Jupiter Food Service Inc.**, owner of Harpoon Louie's restaurant (88) in Jupiter, Fla., is scouting waterfront property for another restaurant planned for South Florida. . . . **Peter Goldhahn**, owner of Yesterday's in Fort Lauderdale, Fla., (33) is looking for a location in South Florida for his sixth restaurant.

NORTH

Happy Guest Inc., owner of Salty's on Alki in Seattle (84), will open Salty's on Spokane Falls in Spokane, Wash., in October 1990. . . . **Dean Vlahos**,

owner of Champps, Richfield, Minn., (108) opened Champps Americana, a 358-seat restaurant in Minnetonka, Minn., on Jan. 12, 1990.

EAST

The Berkowitz Family, owner of Boston-based Legal Sea Foods (9), will bring its total to eight restaurants with the opening of another Legal Sea Foods at Copley Place in Boston in April 1990. Next year the family plans to open its first out-of-state restaurant, possibly in White Plains, N.Y., or in Connecticut. . . . **Godfrey Polistina** and some of the partners at Dock's Oyster Bar and Seafood Grill, New York (32), will open an Italian concept called Carmine's with 180 seats in Manhattan in May 1990. . . . **William and Madeline Wong**, owners of Kowloon Restaurant, Saugus, Mass. (52), opened Wong's Bistro across from Northeastern University in Boston in September 1989 and will open the Kowloon Cafe in April 1990 in Boston's Copley Place, an upscale mall adjacent to a mixed-use

complex. . . . **Sirio Maccioni**, owner of Le Cirque, New York, (21) plans to open another restaurant in the Big Apple. . . . **Bill Liederman, John Lowey and Mickey Mantle**, owners of Mickey Mantle's in New York (134), will open a Mickey Mantle's in Beverly Hills, Calif., in summer 1990 and in the next year plan restaurants for Washington, D.C., and Tokyo. . . . **Stuart Davidson and John Laytham** (Clyde's Restaurant Group), owners of the Old Ebbitt Grill in Washington, D.C., (34) will open Clyde's of Reston in Reston, Va., in September 1990. The 250-seat restaurant will be in the Reston Town Center. . . . **Robert and Patrick Colombo, Brian Galligan and David Palmer**, owners of Sfuzzi, New York (97), are opening two new Sfuzzis this year. The Denver Sfuzzi will open August 1990 in the Cherry Creek Center, a shopping pavilion and mall. The Philadelphia Sfuzzi will open in September 1990 in Liberty Place, a Rouse development. Still in negotiation: a Sfuzzi in North Dallas.

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Look
who ran away
with the fork,
the knife
and the spoon.

Campbell

THE TOP 100

GREAT EXPECTATIONS

*Too new to be in the 1990
Top 100; good bets for 1991.*

What's the theme among the emerging throng of major-league restaurants? Keep menu prices down, but don't skimp on the interior-design budget. New operations from restaurateurs with established track records, such as Michael McCarty and Lydia Shire, all offer moderately priced food in exquisite settings, supporting the theory. Inviting interiors coupled with lower checks encourage more frequent visits.

♦ Santa Monica-based restaurateur Michael McCarty projects first-year sales

of \$4.5 million for Adirondacks, a restaurant he opened at Union Station in Washington, D.C., in May 1989. His newest venture, Michael's, New York, patterned after the flagship Michael's, Santa Monica, opened in November 1989 and is projected to clear \$6 million in first-year sales.

♦ The team responsible for 72 Market Street in Venice, Calif.—managing partner Julie Stone, chef Leonard Schwartz and investor Dudley Moore—plus financial backers Trevor Fetter

and Jeff Barbakow, joined producer/director Tony Bill as general partners at Maple Drive, which opened in Beverly Hills, in September 1989. Owners anticipate first-year sales above \$5 million.

♦ Jeffrey Chodorow, Rick Rasansky and Larry Yogel, partners at China Grill in New York, opened 44, a restaurant at the Royalton Hotel, New York, on Oct. 1, 1989, and project first-year sales above \$4.8 million.

♦ Renowned chef Lydia Shire opened her new restaurant, Biba, in Boston in July 1989 and projects first-year sales of \$4.5 million to \$5 million. The 204-seat restaurant (150, dining room; 54, bar—with separate bar menu) serves lunch (\$20) six days a week and dinner (\$40) seven nights a week.

♦ Bob Nagy—and 650 investors—opened the 962-seat Nagy's Crab Cooker in Downers Grove, Ill., on June 28, 1989, and project first-year sales in excess of \$5 million.

♦ Fujita Tourist Enterprises of Japan opened Chinzan-So, a \$7.5-million rep-

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taste. A long-time favorite of consumers, Prego sauces are now packed in labor-saving, shelf-stable #10-size pouches. So you can have the convenience of a prepared sauce with hearty, premise-made taste. Choose from Prego Spaghetti Sauce and Prego No Salt Added Spaghetti Sauce, to spice things up a bit.

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For information circle 26

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& RESTAURANTS INSTITUTIONS

lica of the Golden Pavilion of Kyoto's Rokuon-ji Temple in June 1989 on the banks of the Hudson River in Edgewater, N.J. The restaurant serves lunch (\$25 to \$30) Monday through Saturday, and dinner (\$100 to \$150) seven nights a week. General manager Kenji Shiojima projects first-year sales of \$4.6 million.

• Another palace: Weylu's, a 1,500-seat copy of the Imperial Palace in Beijing, opened in March 1989 in Saugus, Mass. Owner Rick Chang, who operates four other restaurants in Massachusetts, projects first-year sales above \$8 million for his newest.

• Pino Luongo, who sold his interest in Il Cantinori in New York to open Sapore di Mare last year, opened Le Madri ("The Mothers"), a Tuscan restaurant in New York in May 1989 with the backing of the Pressman family, owners of Barneys, New York. Luongo projects first-year sales of \$6 million for the 150-seat Le Madri, which serves lunch (\$35) five days a week and dinner (\$60), seven.



Pino Luongo with Chef Alan Tardi and some of the "mothers" at New York's Le Madri, which projects \$6 million sales for first year.

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THE TOP 100

continued from page 81

TOP NOTCHES

Problems at the top: labor, insurance costs, drug abuse.

The restaurants ranked in *R&I's* Top 100 grossed a total of \$860 million in 1989. That's a 4.7% increase over last year's total. But impressive revenues aside, the nation's top-grossing restaurants continued to wrangle with preeminent nationwide problems of labor and health-insurance costs, alcohol and drug abuse, eroding bar sales and recruitment issues.

With new minimum-wage legislation passed, and the government focus now on mandated health benefits, inde-

pendent restaurateurs uneasily await the effects on their balance sheets. Those who already offer employee health plans, such as Brian McCarthy of Kelly's Roast Beef in Revere, Mass. (41), have conflicting feelings about the scenario new laws would present. "On the one hand, I would be happy to see everyone have to offer the same benefits, because the costs that I now bear would be borne by everyone—we'd all be in the same boat. But the problem is that the restaurant industry

as a whole won't be able to compete as well with the retail food industry for the consumer's dollar. The money that restaurants now devote to keeping food quality up will be drained away."

In 1989, food costs accounted for an average of 34.2% of sales for restaurants in the Top 100. Labor costs were reported at 26.7% of sales. Most restaurateurs predicted food cost increases of 5% to 10% in 1990 yet expected to increase menu prices less than 5%.

To buoy dips in the bottom line, several restaurateurs have stepped up off-premise catering businesses. "Catering has allowed us more of a budget for training," says Nick Mitchell, owner of Knickers Restaurant in Des Plaines, Ill. (94). "It's a good way of offsetting back-of-the-house percentages." The number of restaurants selling signature food items through their gift shops also has increased. Tavern on the Green in New York (3) and Hampshire House in Boston (140) have gone a step farther, launching mail-order businesses.

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and contain no artificial flavors. And they beat the market leader's price.

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On the labor front, many independents have instituted new hiring programs and reshaped job descriptions to make restaurant positions more appealing. The Cheesecake Factory, Marina del Rey, Calif. (22), for example, surveyed industries that typically attract recent college graduates away from the restaurant industry and discovered the need for change. "Job descriptions in the restaurant industry have become archaic, viewed by the young college graduates as slave labor," says owner David Overton. "So we had to completely reshape jobs—restrict hours, increase pay, provide room for growth—in order to attract the bright people we were losing to retail management, auto and sales industries."

In areas where traditional recruitment methods have not provided enough staff, some restaurateurs have gone as far as importing workers from overseas to shore up full-season staffs. Harpoon Louie's, Jupiter, Fla. (88), for example, recently hired 30 employees from Ireland to work through the restaurant's off-season, with good results.

To combat drug and alcohol abuse and reduce employee theft, many in the Top 100 added counseling programs and increased security measures this year. Jeff Ruby, owner of The Wa-

terfront restaurant in Covington, Ken. (13), for instance, is setting up a drug education program this year with the help of Cincinnati's CARE unit, and is establishing an employee assistance program to offer counseling. Ruby, who lost \$750,000 to a doorman who was pocketing cover charges at the restaurant's club, is stiffening security as well. "We operate with more of a binocular view than ever before," says Ruby.

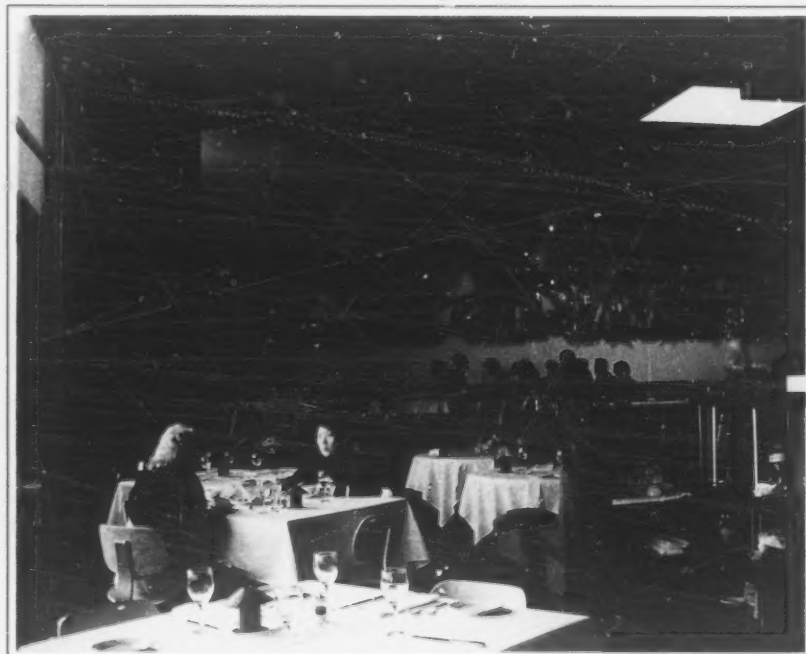
To combat eroding bar sales, the Space Needle Restaurant in Seattle (43) has increased the number of non-alcoholic beverages it serves and is carrying more beers produced by small breweries.

In line with this trend, Jim Rees, vice president of operations at Los Angeles-based Hard Rock USA, says the company is developing a private-label beer for consumption on premises at Hard Rock Cafes around the country. The Berghoff restaurant in Chicago (28) also has stepped up merchandising for its private-label beer.

On the issue of menu enhancement, most restaurants in the Top 100 reported that they are adding more poultry, fish, vegetable and salad entrees, and dropping heavily sauced entrees and some red-meat dishes.

RGT

DC3, Santa Monica, Calif.: the youngest restaurant in the Top 100.



FACTS AND FIGURES

States with most in the Top 100: New York, 24; California, 17; Florida, 14; Massachusetts, 11.

Oldest: Union Oyster House, Boston; 1826.

Youngest: DC3, Santa Monica, Calif.; Dec. 1, 1988.

Regional breakout: Northeast, 40; West, 24; South, 22; North Central, 14.

Most seats: Venus de Milo, Swansea, Mass.; 2,500.

Fewest seats: Kelly's Roast Beef, Revere, Mass.; 0 (walk-up only).

Highest dinner checks: Rainbow Room, New York, \$100; Le Bernardin, New York, \$98.

Lowest dinner checks: The Merritt, Oakland, Calif., \$6.50; Junior's, Los Angeles, \$6.80.

ACTION EXPRESS

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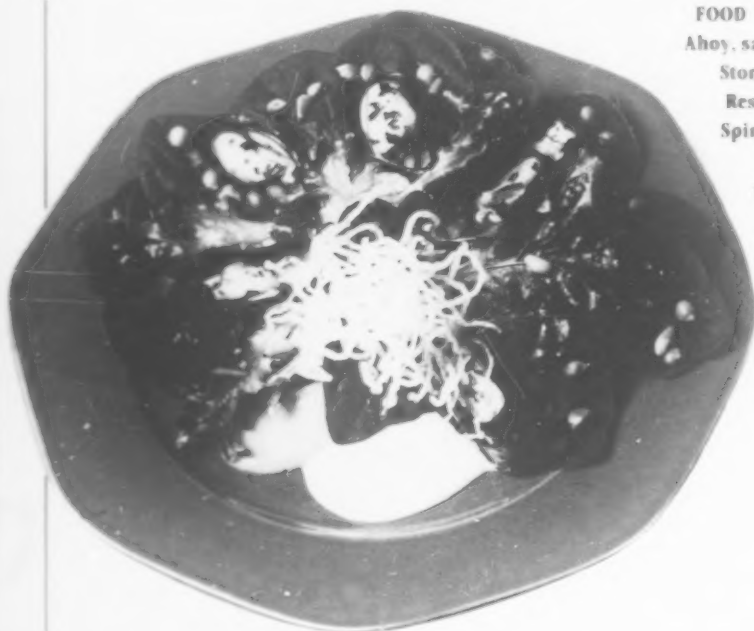
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*More Inside!
See Page 4*





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Ahoy, salad lubbers!
Stonepine Estate
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Spinach Salad—
it's good to
the "finich!"

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R&I puts a stamp of approval on institutional operators who are using distinctive signature foods and creative merchandising schemes to boost business and reputations.

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The Lone Star State takes justifiable pride in its barbecued brisket, fajitas and other classic foods. Customers are also welcoming newer arrivals such as Vietnamese spring rolls and linguine with rattlesnake sauce. Our Taste feature includes regional food preferences and a glossary of foods Texans take to with gusto.

117 ... AND THE WALL CAME TUMBLING DOWN

Patrons intrigued by recent political events in Europe can toast *glasnost* and *perestroika* by lifting a glass in celebration of new freedoms. Offer the beers,

vodka drinks and cordials that open talks and friendships.

125 TURN THE HEAT ON TO KEEP HOT FOODS PROPERLY HOT

A "heated" discussion in this issue concerns the hot-food tables, holding cabinets and infrared lamps that maintain proper temperatures when food cannot always be served immediately.

130 HEADLINER SALADS PLAY STARRING ROLES

Salads no longer play supporting roles but have moved center stage to take the lead in many menu productions. Customers looking for fresh combinations of meat, fish and produce are applauding the new entree salads.

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In this time of menu diversification and nutritional concerns, poultry products used in many new and interesting ways continue to represent good value.

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ARA's signature is on Itza Pizza promo.



TASTES OF AMERICA

FOR THE KID IN ALL OF US

While families with young children tend to order ice cream and sherbet more frequently than other demographic groups, nearly half of all those answering *R&I's* Tastes of America survey say they order ice cream more than once a month. Almost 15% of the respondents say they are ordering ice cream more frequently than the previous year, but that figure jumps to 20.7% for families with children under 19.

DATA DIGEST

BAD INK FOR INDUSTRY

Restaurants were taken to task in a recent *Shopper Report* newsletter, which went so far as to say that "eating out is losing its luster." The newsletter asked its consumer panel to rate a variety of statements about eating out on a scale of 1 to 10, with 10 being total agreement. Garnering the greatest consensus (9.0) was "Fast-food restaurants need more low-calorie foods and low-fat milk." A companion statement, "There aren't enough places to eat a fast lunch and still stay on a healthy diet," earned a 7.6 rating.

The newsletter used the 7.4 rating earned by the statement "Eating out is not the big treat that it used to be" and the 7.3 for "Many restaurants are extremely unsanitary" to bolster its theory that "consumers have gotten jaded—restaurants' magic has faded."

BARRIERS TO GOOD SERVICE

Improved customer service undoubtedly will remain a top priority for foodservice

operators in the '90s. Though that could be a difficult task without the full cooperation of those on the front line—the wait staff, the counter clerks and cafeteria line employees, new research shows that management and labor are on the same wavelength when it comes to service.

The two sides tend to agree on the barriers that prevent excellent customer service, according to a recent study by Performance Research Associates, a consulting firm in Minneapolis. Approximately half of all managers and front-line employees cited inadequate communication between departments and inadequate rewards for employees as the two biggest service barriers. Understaffing (mentioned by 45% of managers and 42% of line workers) and inadequate computer systems (45% and 39%, respectively) ranked next on the lists.

Among other barriers were inadequate training in people skills (cited by 36% and 26%), low morale or team spirit (cited by 31% and 35%), and high turnover rates (26% and 23%).

TRAVEL COSTS UP 94%

Business travel costs nearly doubled from 1980 to 1989, according to an analysis by Runzheimer International, a consulting firm in Rochester, Wis. Higher air fares accounted for the bulk of the increased costs, but lodging, restaurant meals and car rentals also factored into the growth of the company's Business Travel Price Index.

The index rose 94% during the decade, while the Consumer Price Index rose

only 51%. The company predicts business travel costs will increase about 7% this year, with the price of meals up about 6%.

IN BRIEF . . .

Ninety percent of restaurants answering an NRA survey on solid-waste disposal said they have worked with suppliers to reduce

CONSUMERS LOOK FOR "LIGHT" FOODS

Some say the 1990s will be the "Light Decade," as consumers choose more reduced-calorie products.

Most popular "light" products	% responding
Beverages	70%
Cheese, yogurt, other dairy products	65
Ice cream	46
Cakes, breads, other baked goods	40
Chips, other snack foods	38
Dinner entrees	32

Source: Calorie Control Council
1989 national survey

packaging; 76% have revised their takeout packaging. Only 14% have tested a separation/recycling program. . . . Thirty-three percent of retirees say they would spend some amount (ranging from a little to a lot) for a car and driver that would take them to restaurants, shopping and to see friends, according to *The Wall Street Journal* Centennial Survey. Other services they would consider paying for include hot meals delivered daily to their home, a place to buy foods low in salt, cholesterol, sugar, fat or calories, and someone to do their food shopping.

—Maureen Pratscher



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SERVING THE TOTAL FOODSERVICE INDUSTRY

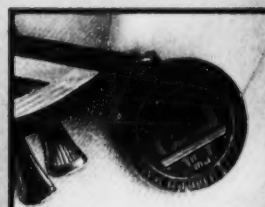
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HOW TO DO PERFECT FAST-FOOD SERVICE

LITTLE MEALS
MEAN
◀BIG MONEY



*Winning Ideas
From 1990 Silver
Plate Winners*

PLUS:
Deli Sandwiches,
Barbecue Sauce Secrets

**MORE INSIDE!
SEE PAGE 2**



A CAHNERS PUBLICATION

42 R&I EXCLUSIVE: CONSTRUCTING A MODEL FOR PERFECT SERVICE

To customers used to fax machines and microwaves, quick service no longer seems quick enough. *R&I* interviewed innovative fast-food companies and pulled together the best examples of technologies and techniques for improving service.

71 SILVER PLATE WINNERS: AGENTS OF CHANGE

R&I asked the executives named as 1990's outstanding operators in IFMA's Silver Plate Award Program about the future of foodservice in their segments. Views presented are those of: Tony May, independents; Bob Jones, full service; Peter Harman, fast food; Keith Golden, health care; Thelma Becker, schools; Ron Inlow, colleges and universities; Terry Vince, contract food management; Joseph DeSenza, B&I; Peter Kleiser, hotels.

102 LITTLE MEALS MEAN BIG BUSINESS

Health and nutrition experts suggest that several small meals a day might

be more healthful than three big ones. Add to that the fact that American tastebuds are turned on to ethnic foods and, voilà!, a new taste trend: little meals with imported flavors. After tapas and grazing, what next? *Spuntini*, dim sum and *mezze* are best bets for building business and reputations.

191 COOK-CHILL TAKES THE HEAT OFF MENU PLANNING

The concept of "cook the food, serve the food" has dominated food preparation for centuries. Now it is being questioned. The new order, especially in institutions, gives an important role to cook-chill, a way to cook, rapidly chill, store, reheat and serve food. *R&I* uncovers operations that are benefiting from new cook-chill applications.

198 SUMMERTIME'S SENSATIONAL BARBECUE SAUCES

Barbecue pros might disagree on whether a sauce should be sweet or tangy, spicy or no, and will gladly debate their side. But all successful barbecue cooks have one thing in common—the time spent perfecting their sauce. Gather round the "pit" as we pass along sizzling sauce tips and a guide to good grilling.

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Bring your own
brand of heat to
the grill with
R&I's barbecue
hints, techniques
and recipes
including Cajun
Lamb Ribs (r.)

&RESTAURANTS INSTITUTIONS

THE HILL

CHILD-CARE BILL FACES BUSH VETO

Legislation to expand federal assistance for child care has passed both the House of Representatives and Senate but is not expected to make it past President George Bush's desk.

"The president says he will veto the bill and Congress probably doesn't have enough votes to override the veto," says Elaine Graham, director of federal relations for the National Restaurant Association.

Since the NRA supports a rival measure cosponsored by Rep. Charles Stenholm (D-Texas) and Rep. E. Clay Shaw (R-Fla.), it backs President Bush's veto plan. The veto is expected, however, to put more focus on the stalled parental leave bill.

"Parental leave could become the work-family issue of this Congressional session," says Graham. "I still don't think they have the

votes to pass parental leave in its present form but they may ratchet-down the numbers [for example, cut the number of weeks allowed for leave] to get it passed."

The \$27 billion child-care package passed by the House in March would expand earned-income tax credits for low-income families, increase block grants to states for child-care services, broaden Head Start for disadvantaged preschool children into an all-day, year-round system, and establish

a school-based program of before-school and after-school care.

Also included in the measure is a \$25 million-a-year incentive for businesses to provide on-site child care for employees.

The Senate passed its version last year. It includes expanded tax credits and a grant program to the states to subsidize child care.

While the proposals have no employer mandates, Graham says the NRA supports the Stenholm-Shaw concept because "it provides parents with more choices and keeps the federal government out of the child-care business."

—J.W.



The Stenholm-Shaw child-care proposal does not include school-based child care for latchkey children.

HELPING HAND

RAISING MONEY FOR ARTHRITIS

In 1989, some 30,000 runners tied bells to their shoes and raced to raise \$520,000 for the Arthritis Foundation—a 100% increase in funds over the previous year, according to Dianna Johns, Arthritis Foundation director of special events. A national fundraiser since 1987, the Foundation's Jingle Bell Run is sponsored annually in December by



restaurants around the country. Last year, 15 restaurant companies in 21 cities donated time, food and funds. The largest single participant was Columbus, Ohio-based Max & Erma's, which raised \$75,000 by sponsoring races in six cities. To participate this year, contact Dianna Johns at the Arthritis Foundation in Atlanta at (404) 872-7100.

—Monica Kass

R&I DATA

TRAFFIC COUNTS UP SLIGHTLY FROM YEAR-AGO LEVELS

Through the first quarter of 1990, 55% of full-service and 45% of fast-food operations reported gains in customer counts from year-ago levels. Industrywide, traffic counts rose 3%.



FULL SERVICE

(% of operators)

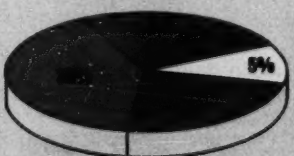


- Up more than 10%
- Up 1%-10%
- No change
- Down 1%-10%
- Down more than 10%



FAST FOOD

(% of operators)



- Up more than 10%
- Up 1%-10%
- No change
- Down 1%-10%
- Down more than 10%



HOTEL/MOTEL

(% of operators)



- Up more than 10%
- Up 1%-10%
- No change
- Down 1%-10%

Source: Cahners Bureau of Foodservice Research

R&I REPORT

PERSONAL GLIMPSE

BETSY BALSLEY: ON BLAND FOOD, DROP-IN RESTAURANTS, RETIREMENT

Date of birth: Sept. 2.
Birthplace: Joplin, Mo.
Current home: Pacific Palisades, Calif.
Marital status: Single.
Current projects: Trying to retire.
Favorite comfort food: My own fried chicken, mashed potatoes and creamed gravy.
Least favorite food: Egg-plant.
Favorite drink: Tap water.
When I cook for myself, I



In March, Betsy Balsley capped a 17-year stint as food editor of *The Los Angeles Times* with a month-long food-tasting sojourn to the Orient. Balsley, a chemist by trade, began her career in small mid-western companies, running laboratory analyses on everything from zinc to butter fat. In 1954, she moved to Honolulu where she spent 16 years in advertising and public relations. She joined the *Honolulu Star-Bulletin & Advertiser* in 1970 and, "overnight, suddenly found myself 'the' editor."

cook: Chicken with a little olive oil and tarragon.
When I cook for friends, I cook: Soup and salad meals. My favorites are my own cabbage kielbasa soup and Jeremiah Tower's black bean and *sumi* salad.
If I opened a restaurant tomorrow, I'd serve: Plain old Americana food, homemade soups, hearty stews, that sort of thing.

The mistake restaurateurs make most often: They try too hard. They think they've got to be a Wolfgang Puck and not themselves. They forget service. When I go out to eat, I want to be pampered and babied.

I wish there were more: Restaurants where I could comfortably drop in without being dressed up. This is not a problem in Los Angeles. But it is in other cities around the country.

The cuisine I'd like to see outlawed: Certain ethnic foods that are tasteless and bland and remain popular only because they're ethnic. I won't name names.

My first job: Running ore analyses in a lead and zinc mining smelter in Galena, Kan.

My worst job: Doing butter-fat and milk-solid analyses at a Joplin dairy.

My personal heroes: I have two. The man who invented the freezer and the guy who invented the word processor.

I wish I had more time to: Retire.

The best book I've read recently: *Cannibals in the Cafeteria* by Stephen Pile.

If I wasn't doing what I'm doing now, I'd probably: Be doing what I'm trying to do now: retire.

EDUCATION

ESL PROGRAM THRIVES AT HOTEL CHAIN

Congratulations from appreciative customers and even First Lady Barbara Bush are a few of the initial benefits of the literacy and English language program instituted at the Quality Inn hotel in Arlington, Va.

Food and beverage de-

partment employees are taught phrases to answer hotel guests' basic questions. A \$300 reward encourages them to learn conversational English at a separate class. To date, 31 Quality employees have graduated from the basic class.

The U.S. Department of Education and the Virginia Department of Education fund 70% of the project. Quality Hotels contributes the remaining 30% by providing meeting space for morning classes, equipment and technical assistance.

—J.W.



English language program graduation at the Quality Inn, Arlington, Va.

R&I DATA

MENU PRICE INCREASES TO AVERAGE 12%

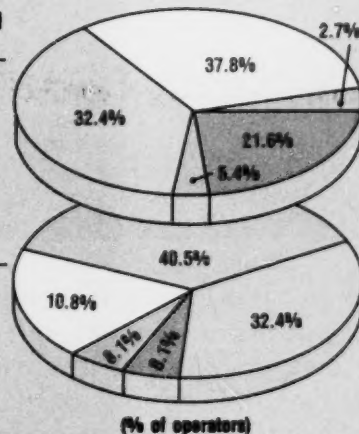
Only 37% of operators polled recently by R&I plan to raise menu prices in the next six months. Increases will average 12% and affect only 28% of all menu items.

% of menu items that will be raised in price

- ☐ 1%-10%
- ☐ 11%-19%
- ☐ 20%-29%
- ☐ 30%-100%
- ☐ Don't know

% that menu prices will be raised

- ☐ 1%-5%
- ☐ 6%-10%
- ☐ 11%-19%
- ☐ 20%-100%
- ☐ Don't know



Source: Cahners Bureau of Foodservice Research

ACTION EXPRESS

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**FRESH IDEAS
FOR FRESH
PRODUCE**



More Inside!
See Page 2 ▶

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38 **R&I EXCLUSIVE: GREAT PROMOTIONS ... WHAT'S THE BIG IDEA?**

Whether the purpose is to advertise a special event, announce the opening of a new foodservice unit or to break the monotony of day-to-day service, a promotion provides a great outlet for creativity. We present a selection of promos that have performed as promised and paid off for patron and operator.

74 **EYE-OPENING BREAKFAST MENUS AND OTHER IDEAS**

Ever since McDonald's introduced breakfast to keep the real estate working, and health-conscious joggers and workers sought foods to build better bodies, operators have been looking for eye-opening morning ideas. For the first time, *R&I* presents ethnic breakfasts ... Italian, Japanese and Swiss early-bird favorites.

114 **AMERICAN CHAINS FIND EUROPE THE WAY TO GO**

No innocents abroad are the American quick-service chains. They are getting deeper into the fast-food export business. The ultra-competitive domestic market gives chains serious reason for expanding into Europe. Trade barriers are coming down, *perestroika* has opened some doors and a large population is hungering for fun food.

127 **GETTING BREAKFAST SYSTEMS UP TO SPEED**

Customers today want breakfasts in short order—right now. Wide-awake operators use certain kinds of equipment such as griddles, steam cookers, tilting skillets and juicers to speed the service of the most called-for breakfast dishes such as French toast and pancakes, bacon and eggs, hash-brown potatoes and sausage. *R&I* makes early-morning calls to breakfast specialists for their time-saving ideas.

154 **KEEPING PRODUCE AT PEAK OF FRESHNESS**

Proper purchasing specifications, handling and storage all help to bring produce to the salad bar and to the table in prime condition. The special requirements of commonly mishandled fruits and vegetables are outlined in a helpful, money-saving guide.

173 **JUNE IS DAIRY MONTH: SMILE AND SAY CHEESE**

Recently a group of supermarket chefs from around the country met to compare notes and compete in a cheese contest that would test their culinary expertise and merchandising skills. A sampler of the winning cheese recipes appear in our Product Know-How story.

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Keeping produce in just-picked perfection



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A proliferation of profitable promos

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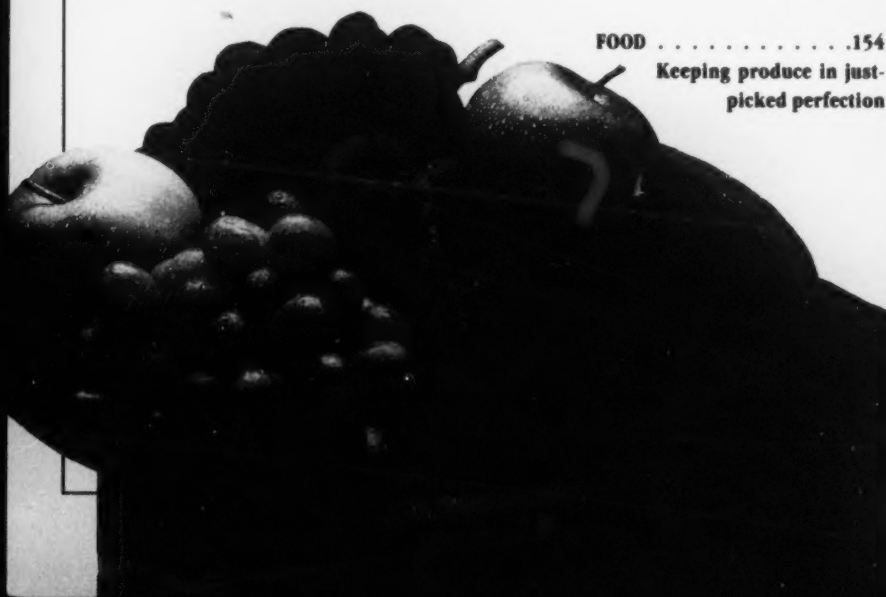
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OF THE AMERICAN GAS ASSOCIATION,
FOLLOWS PAGE 136.**



R&I FORUM

■ READER'S OPINION

Say Goodbye to \$3 Lunch

In an effort to increase the standard of living for the working poor, the government has raised the minimum wage to \$3.80 an hour.

The increase will be dramatic in its immediate impact upon marginal industries such as foodservice.

A survey of 50 foodservice employers revealed some interesting trends. Of the 19,029 employees surveyed, 35% were considered full time, working more than 32 hours per week. The remaining 65% were part-time employees, some working as little as 10 to 12 hours per week. The fast-food industry employed 68% of the labor; full-service restaurants 20%.

When employers were asked if they were forced to raise wages for *all* hourly employees because of the increase in minimum wage, 44% said no because all of their employees were currently earning more than \$3.80 per hour. Another 42% responded no, saying only those employees earning below \$3.80 would be given a raise. Only 14% indicated they would increase the hourly rate of all employees, but said it would not be an equal amount across the board. (See chart in wing.)

The fast-food industry and schools were the only segments to indicate they were not going to reduce full-time positions available to decrease labor expenses—probably because these employers already utilize 72% part-time labor. The remaining foodservice employers, however, have 62% full-time staffs, which require vacation time, sick days, uniforms and insurance. Of these, only three indicated they would reduce full-time employment positions.

How will foodservice establishments recover from the wage increases? Three quarters of the respondents said they were either about to raise their menu prices or had just done so within the last few weeks. (See table in wing.)

The increase of 45 cents per hour is a positive step toward bringing many workers out of the poverty level. But what about the nearly 50% of foodservice employees who did not get a pay raise? What will happen to the purchasing power of employees who, over the last four years, have earned annual and merit increases and are currently

making \$4 to \$4.25 per hour?

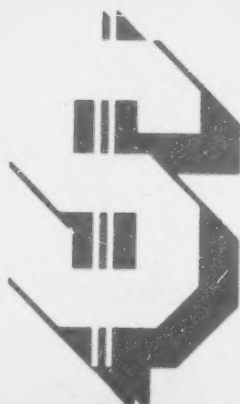
Assuming they work full time, employees who earn \$3.35 per hour ostensibly get a \$968 raise this year because of the increased minimum wage. While it was necessary and long overdue, by helping the \$6,700 income bracket, we are hurting the \$7,900 (\$3.80 an hour) to \$8,840 (\$4.25 an hour) income-level employee.

For example, if the cost of a typical fast-food lunch is \$3.64 with tax in the Midwest, the cost of that lunch will rise at least 12% in restaurants without benefit packages or 18% in restaurants whose employees have minimal benefits. If the cost of the food, packaging and profit all remain the same, the lunch will now cost \$4.08 to \$4.28. For employees earning \$4.25 per hour, this meal used to represent 2.9% of his take-home pay per week. Now it represents 3.3% and he has lost .4% of his purchasing power.

Have we really helped by increasing the minimum wage? Or have we simply enlarged the poverty level by achieving parity and combining the bottom two income segments of society? Of course, the foodservice industry cannot afford to give all employees an 11.8% raise. The effects would be nullified by the inflation in other markets. But, to what lengths will this increase in labor costs force employers in marginal profit industries to become creative with benefit packages, job security and full-time employment levels? Will foodservice be forced to reduce its total work force? In an industry where benefits and wages are already behind the national average, what recourse will the foodservice industry have when the wage rate climbs to \$4.25 in 1991? Are you ready for the \$5 lunch?

Karol Holt, *Food For Thought Inc.*, an institutional foodservice consulting firm, Louisville, Ky.

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EMPLOYER ACTION AS A RESULT OF MINIMUM-WAGE HIKE

14% gave everyone a raise.

42% gave raise only
to those below
\$3.80 an hour.

44% gave no raise.
Everyone already
above \$3.80 an hour.

PERCENTAGE RAISING MENU PRICES AS A RESULT OF MINIMUM-WAGE HIKE

Full service	26%
Business & industry	20
Fast food	12
Schools	10
Other	6

Source: Food For Thought Inc.

FOREIGN MARKETS

■ EXPANSION PLANS

EUROPE: The New Foreign Market

Favorable demographics and economic implications of 1992 lure fast-food chains to the EC's 12 member countries.

Now that American fast-food companies have a firm foothold in Japan and other Pacific Rim countries, chains are searching for the next hot foreign market.

By all indications, that market is Europe, including the United Kingdom. More than half of the 649 units McDonald's opened last year are in Europe. Burger King quickened its expansion in West Germany, Spain and France last year—Europe now holds 220, or 32%, of the burger chain's 685 international units. Sbarro has inked a U.K. franchise agreement with Trusthouse Forte, and Whitbread PLC, the British brewery, will open T.G.I. Friday's restaurants in England. Disney is expected to open Euro Disneyland near Paris in 1992.

What's behind the rise of Europe as a popular destination for chains? First, American businesses in general—not just fast food—are beginning to realize Europe's potential as a lucrative market. The European Community—Belgium, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom and West Germany—has a population of 320 million, vs. the U.S. population of 250 million, and boasts a gross national product of \$4 trillion, compared to the United States' \$5.2 trillion.

And the implications of 1992—the year trade barriers among the 12 countries are scheduled to begin to break down—cannot be ignored. Consolidated purchasing and manufacturing will simplify doing business in

Europe—McDonald's, for example, says it will be able to consolidate its 14 meat distribution centers on the continent into one or two. Efficiencies in television and radio advertising will foster greater travel among the 12 countries, creating a wealth of new patrons for fast food.

Another group of new patrons will be women, more of whom are expected to enter the workplace. "The trends that are taking place internationally, and especially in Western markets such as Europe, are very similar to what happened in the last decade here in the U.S.," says Stephen Bishopp, chief financial officer of PepsiCo Food Service International. "The demographics are changing more toward food away from home. Home life is changing, and a meal at a Taco Bell or Pizza Hut is becoming part of the daily expectations of families."

Another factor playing in Europe's favor is the unprecedented change taking place in the Eastern Bloc countries that have begun to benefit from the Soviet policy of restructuring, or *perestroika*. Although the nations of Western Europe, with their proven track records, hard currency and stable economies, probably will continue to draw the lion's share of U.S. interest for years to come, industry watchers say that someday, investment in Eastern European countries might yield even larger returns.

"Obviously, Eastern Europe is opening up now, and you can see by the kinds of volumes McDonald's is doing, people are hungry for these Western

continued on page 116

fast-food concepts," says Donald Fertman, director of franchise sales for Subway. "Eastern Europe is definitely 'the' place to look toward."

The ultra-competitive domestic market gives fast-food chains yet another reason to set sights outside the United States. Research done by Shearson Lehman Hutton, the New York investment house, shows that domestic sales are growing about 7% a year. Overseas, foodservice growth is jumping 15% a year. "The U.S. restaurant market isn't saturated yet, but it certainly is getting to that point," remarks Louis Franson, general manager of franchise development for Arby's International.

TRAVEL PLANS

American chains with the greatest overseas presence also are the strong-



SPAIN	
Burger King	39 units
McDonald's	28 units
Pizza Hut	14 units
KFC	16 units
Domino's	5 units

&RESTAURANTS INSTITUTIONS

est here. McDonald's is the best example: 2,892 of the burger chain's 11,000-odd restaurants are located outside the United States. Burger King, owned by London-based Grand Metropolitan PLC, has 685 international units, and purchased the 381-unit Wimpy chain last year as part of a plan to push that count even higher.

With those statistics in mind, non-burger chains are making an even bigger push overseas. "We think there's

a great, great potential there," says William Copeland, executive vice president of franchise development for A. Copeland Enterprises. "They have almost one-and-a-half times the population of the U.S., and they have very little fast food over there, with the exception of McDonald's. . . . They have very little chicken at all."

Popeyes is negotiating with a prospective franchisee to develop units in the United Kingdom, West Germany,

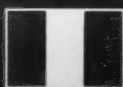
Spain, Belgium and France, and has secured a contract to build 19 Popeyes units on overseas military installations; about 14 of the units will be located in Europe. The first two units are planned for bases in Germany, says Copeland. Although Copeland operates both Popeyes and Church's chicken, the European stores will carry the Popeyes name. Popeyes will soon appoint a vice president to handle international affairs, Copeland adds.

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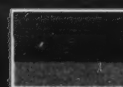
UNITED KINGDOM

McDonald's	319 units
KFC	271 units
Pizza Hut	228 units
Burger King	163 units
Domino's	42 units
T.G.I. Friday's	5 units
Taco Bell	2 units
Sbarro	1 unit



FRANCE

McDonald's	115 units
Burger King	18 units
Pizza Hut	3 units
Domino's	1 unit



WEST GERMANY

McDonald's	319 units
Burger King	70 units
Pizza Hut	41 units
KFC	10 units
Domino's	3 units

FOREIGN MARKETS

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Arby's, which has 2,100 sandwich outlets in the United States and firm development arrangements in Japan and Taiwan, also plans to open in Europe. The chain is conducting product research in the United Kingdom and will initiate similar testing later this year in West Germany. Arby's also is in discussions with prospective franchisees in Spain, France, Hungary and Poland, Franson says.

Two PepsiCo concepts, Pizza Hut and Kentucky Fried Chicken, are mapping aggressive plans for expansion. Kentucky Fried Chicken—with 3,000 international units, fast-food's best-traveled chain—has about 330 restaurants in Europe, and 270 of those are in the United Kingdom.

Because the majority of its overseas units are located along the Pacific Rim, KFC believes Europe affords the greatest opportunity for new growth. According to Gregg Reynolds, vice president of public affairs for the chicken chain, the company might double its overseas presence during this decade, with much of that growth coming from Europe. Reynolds says France, Spain and Germany are the most likely countries for large-scale expansion.

At PepsiCo Food Service International, the division that directs interna-

Efficiencies in TV and radio advertising will foster greater travel among the 12 European Community countries, creating a hoard of new patrons for fast food.

tional development for Pizza Hut and Taco Bell, overseas operations have grown at a compounded annual rate of about 26%—more than three times Pizza Hut's domestic unit growth rate. During this time, international sales have advanced more than 40%, vs. domestic sales growth of about 13%.

Pizza Hut, also with about 300 European units, two-thirds of which are in the United Kingdom, recently added Greece to its list of foreign markets.

Meanwhile, PepsiCo has charted a much more deliberate course for Taco

Bell, which has only a handful of units overseas and is struggling to gain acceptance, says a PepsiCo spokeswoman. Most countries outside North America have had little exposure to Mexican food, she explains, and educating people about new foods takes time.

Like Taco Bell, several other chains have just begun to launch international operations:

□ T.G.I. Friday's plans to open its first West German unit in Essen in the first quarter of 1991. The company's franchisee, Whitbread & Co. PLC, already operates five Friday's restaurants in the United Kingdom.

□ Subway, the fast-growing 4,400-unit sandwich chain, has sold its first franchise for Ireland, is trying to open in Hungary, and has appointed a development agent for France.

□ Nathan's Famous, the 51-unit hot-dog chain, is in discussions to open units in England, Switzerland and Italy.

□ Sbarro, the Italian cafeteria chain, opened its first in the U.K. in March as part of a two-unit limited agreement with Trusthouse Forte, the hotel giant and KFC's British franchisee as well. "In terms of international activity, we are very gradually sticking our toes in the water," says Phil Speicher, chief financial officer at Sbarro.

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RUSSIA: WORTH THE TROUBLE?

In the Soviet Union, only a handful of restaurant companies have shown interest in setting up shop, despite the prospect of serving a country with almost 300 million prospective customers and little competition from local restaurants.

One of those that did, and is now wondering if it was worth it, is Nathan's Famous, the hot-dog chain that opened a restaurant in Moscow in October. The chain now is deciding whether to open more stores there, according to Carl Paley, vice president of franchise development.

The problem, Paley says, is getting profits out. "From a public relations standpoint, it has been very valuable and a very viable opportunity for us to expose a lot of people to the product," he explains. "But from a P&L standpoint, it has been a problem."

Pizza Hut, which will open two restaurants in Moscow in late summer,

plans to generate some hard currency through its Soviet units by selling pizza to tourists and others with hard currency. It will use that money to pay for items that are not available in the Soviet Union, says Stephen Bishopp, chief financial officer of PepsiCo Food Service International.

Bishopp also says that the franchise agreement that its joint venture, signed with the City of Moscow Catering, contains provisions for taking fees and

profits out. Some of the profits will be reinvested in the market, he says.

McDonald's, whose 700-seat Soviet restaurant serves 30,000 people daily, is also reportedly channeling a large percentage of its proceeds into development of its other scheduled restaurants. While McDonald's investment in Eastern Europe and the Soviet Union might seem like a bit of a gamble, the world can be sure that as the walls come down, Golden Arches will go up.

In April, PepsiCo International demonstrated one more way to get profits out of a country. For years, Pepsi-Cola has traded soft-drink syrup to the Soviet government for a Soviet brand of vodka. The vodka is distributed in the United States for cash, which pays for the syrup given to the Soviets. In April, PepsiCo took the art of the deal one step further by increasing its shipments of syrup in return for more vodka and 10 ships.



FOREIGN MARKETS

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CHAIN CHECKPOINTS

Of course, some formidable roadblocks still stand in the way of expanding into Eastern Europe, according to franchisors. Even in the nations of the European Community, there are challenges to meet and adjustments to make.

Chains say the biggest roadblock is finding the right local operator, regardless of the market or the type of agreement they're shopping for.

"The biggest issue facing us is finding the right partner," says Arby's Franson. "We look for four things: financing; existing management structure; restaurant experience; and the fourth thing, which is really an intangible, is the chemistry between Arby's and the potential partner, because if it doesn't work in the beginning, it's not going to work later."

KFC's Reynolds concurs. In order to be successful in a foreign land, he says, chains must find a partner that is large and well-capitalized, committed to rapid growth and adept at working with the local laws and customs.

Above all, "the most favorable quality a partner can have is real estate connections," says Subway's Fertman.

In some countries, especially those of the Eastern Bloc, problems with cur-

The biggest roadblock to European expansion is finding the right local operator, regardless of the market or the type of agreement chains are shopping for.

rency also go with the territory, chain executives say. The currency of these countries, such as the Soviet Union's ruble or the Polish zloty, is "soft," and cannot be exchanged for hard currency such as the dollar.

But even in those countries where chains can get their profits out, the earnings sometimes are subject to the country's tax system. To get around this, chains use barter, or trade for goods that can be sold outside the country for hard currency.

Sometimes, the difference between

success and failure abroad is just a matter of fine-tuning the menu to suit the tastes, culture and customs of the local clientele. Even so, most chain executives say that they try to limit menu changes to side items and toppings. For instance, McDonald's offers beer and wine at certain European locations. Pizza Hut's German outlets offer a popular tuna topping and are testing sauerkraut pizza topping.

Chains also have to make adjustments to buildings. In Germany, for instance, the preference for finger foods is so strong that Pizza Hut built walk-up windows through which single slices of pizza are sold.

Occasionally, alterations made overseas spark ideas that make business better back in the states. Kentucky Fried Chicken, for example, might begin building huge restaurants, like some of those it has in high-traffic European cities, near larger American tourist attractions. The express kiosk units Pizza Hut uses in U.S. airports were born as pub kiosks in the United Kingdom. A German franchisee created McDonald's Egg McMuffin.

And that, chain executives say, is the kind of interaction they hope will continue as foodservice, like other industries, grows global. —*Rajan Chaudry*

UNCERTAINTY REIGNS IN CHINA

Europe's population—320 million—and economic power—a GNP of \$4 trillion—make it an attractive target market for chains. But if size is an issue, why aren't more chains trying to open in China—home of more than two billion people? Indeed, the country with the largest population in the world sports only three American fast-food chains, and all three belong to Kentucky Fried Chicken.

The biggest block to expanding in China is its economy, industry executives say. Little more than a year ago, China's problem was runaway growth, but after government troops crushed a democracy movement in Beijing's Tiananmen Square, the economy coughed and wheezed to a halt.

Louis Franson, vice president and general manager of Arby's International, says the troubles in China have killed the interest he once had in entering that country. "With the economic

problems China is having and the political issues over there, we really don't have any interest at this time," he says.

Gregg Reynolds, KFC Corp.'s vice president of public affairs, acknowledges that China's economic troubles are hurting the chain's Beijing units. The restaurant on Tiananmen Square was closed for more than a month during last year's student uprising—for a while, soldiers used it as barracks.

Reynolds also says that the chicken

chain is prepared to wait out the storm. "As far as China is concerned, we really have just been reinvesting the money in the market there, but given the instability, it's very difficult to know what the future holds," he says.

The uncertainty factor hasn't stopped Fast Track, a small, double-drive-thru burger chain, from wanting to open in China. The chain spent six months negotiating for a site abutting the Kentucky Fried Chicken outlet on Tiananmen Square, beating out McDonald's, Burger King and Wendy's in the process, says Joe Farnsworth, president of the franchise group that will open the outlet in China.

Farnsworth guesses that the burger giants might have let up because of the instability in China. "We're smaller, and the brand-name recognition isn't as strong," he admits. "But if something goes wrong, we also have a lot less at stake than McDonald's would."



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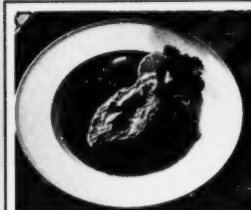
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36 R&I EXCLUSIVE: MOUTH-WATERING MENUS MEAN BUSINESS

Wise men tell us people eat with their eyes and taste what they read. How a menu looks and what it says are equally important. Here are tips on designing menus with graphic impact that are also enjoyable to read.

62 SPECIAL REPORT: HELPING TEENAGE WORKERS COPE

The sheer number of teen employees in foodservice makes it a highly visible target for the U.S. Department of Labor's investigation of companies charged with violating child-labor laws. Heeding these laws is the first step, but businesses can do much more to help teenagers juggle school and work. *R&I*'s own investigation shows how some foodservice companies are making a positive difference in the futures of youthful employees.

88 SOME LIKE IT HOT, SO PICK A PACK OF PEPPERS

American chefs and cooks as well as the big fast-food chains are peppering up

menus by making readily available hot peppers and red pepper sauces part of their day-to-day cooking repertory. A spicy exposé, our Taste feature is peppered with new uses for capsicums. Another hot topic covered: the many uses of bottled pepper sauces.

123 FRIED FOODS STILL FLYING HIGH

In keeping with *R&I*'s annual Menu Census, which proves the continuing popularity of fried foods, our Equipment feature explores systems frequent fryers are using to meet demand for volume and variety. A sidebar deals with efficient equipment placement.

128 TURKEY IS THE TALK OF THE TOWN

Indigenous to America and to most contemporary menus is our big-breasted, versatile bird, the turkey. It's low in fat, high in protein and a great contributor to recipes. Today, the wide range of turkey products available—pre-cut, pre-prepared, often pre-cooked and portion controlled—make it easy to add turkey to summer menus. Talk turkey to your customers and take the sale.

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IN BRIEF . . .

★ Where will the cholesterol-cutting craze stop? Scientists at Purdue University in Lafayette, Ind., fed hens a cholesterol-reducing drug commonly prescribed for humans and, as a result, lowered the cholesterol content of the hens' eggs by up to 20%. FDA approval is necessary, however, for any drug used in the production of food.



★ The trend toward using vegetable fat in frying continues. A National Restaurant Association survey found 38% of chain operators now use all-vegetable shortening, 19% use all-vegetable oil and 19% use an animal/vegetable shortening blend. The remainder of those polled use a combination of shortenings and oils.

★ In another study, the NRA found that restaurant visits by children under 6 years old jumped 36% between 1982 and 1983. Five restaurants showed the biggest jump in patronage (84%) by young children. Fast-food burger restaurants registered a 34% increase in young customers.

—M.P.

DATA DIGEST

BURGER IS KING

A look at the list of the top 25 metro areas ranked by fast-food sales per household might lead one to believe they don't sell Big Macs or Whoppers north of the Mason-Dixon line.

Honolulu leads the list with sales of \$1,344 per household, followed by a couple of Kentucky and Georgia markets and several Texas markets. No. 25 is Houma-Thibodaux, La., with sales of \$887 per household. Eighteen of the top 25 markets and 38 of the top 50 are in Southern or Southwestern states.

Sales & Marketing Management magazine, which conducted the research, encourages fast-food chains in Northern states not to despair, however. The majority of the top markets are

either college towns or regional retail centers, attracting large numbers of students and shoppers who inflate the sales figures but not the household count.

KIDS HAVE BUYING CLOUT

Parents might control the purse strings, but American children today have great influence on a variety of family buying decisions, according to a recent study by The Roper Organization.

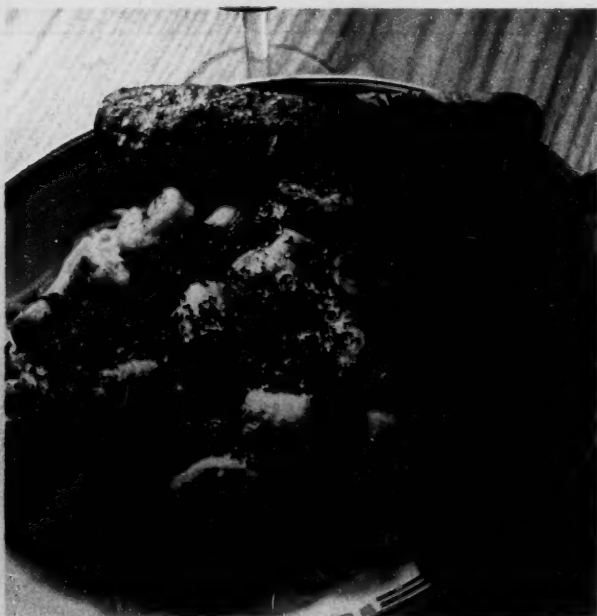
With the increase of dual-income families, children, by necessity, have taken on more responsibilities and more independent roles. Parents also seem willing to defer to children's "expertise" on numerous subjects, ranging from where to buy



fast food to what television programs the family should watch to what clothes are in style. This influence is likely to grow, Roper notes, as baby boomers' children get older and become even more involved in family decision-making.

—Maureen Pratscher

TASTES OF AMERICA



SHRIMPY SCRUMPTIOUS

Shrimp and shellfish are popular menu choices, especially when combined with pasta. More than 37% of respondents to R&I's Tastes of America survey order shrimp or shellfish more than once a month, and nearly 25% are ordering the dish more frequently than last year. The upper-income brackets are particularly fond of shellfish, as 47% of those earning more than \$60,000 a year order it more than once a month.

—M.P.

SPECIAL REPORT

A few innovative operators give teens an hour's pay to do home work before beginning their shifts. In all too many cases, however, students are on their own.



■ BUSINESS STRATEGIES

WORKING CHILDREN

Heeding child labor laws is only the first step:
Employers can do much more to help
teenagers juggle school and work.

FIRST IN A SERIES ON LABOR ISSUES

By Michael Sherer

In changing its advertising slogan to "Sometimes you've gotta break the rules," Burger King wasn't suggesting that managers and franchisees literally break the law. But in March, the U.S. Department of Labor filed a lawsuit accusing the Miami-based company of violating federal child labor laws.

Burger King is only one of several thousand foodservice operators under attack in a nationwide push to force

companies to abide by laws protecting minors from exploitation in the workplace. The DOL's much-publicized Operation Child Watch last March uncovered 12,500 violations in all.

More importantly, the federal crack-down focused attention on the larger issue of how teenagers are treated in the workplace. Lawmakers, educators and parents accuse employers of giving scant attention to worker safety and contributing to high dropout rates and poor academic performance.

"Businesses have been more willing to treat education as a charity than admit and take responsibility for the problem of working kids," says Terrence Falk, a high-school teacher who has been researching child labor law as part of graduate studies at the University of Marquette in Milwaukee.

Beyond highlighting what every operator should know about federal and state child labor laws, this article shows how some are making a positive difference in the lives and futures of their youthful employees.

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ILLEGALLY EMPLOYED MINORS, BY INDUSTRY

Federal and state labor departments are cracking down on violators of child labor laws—and they single out foodservice as the worst offender.

Source: U.S. Department of Labor, 1988.

CHILD LABOR

continued from page 63

Letting an underaged worker run a meat slicer or drive a delivery car invites disaster.

FEDERAL CHILD LABOR LAWS

HOURS

14- and 15-year-olds may not work:

- ▶ more than 3 hours on school days
- ▶ more than 18 hours during school week
- ▶ more than 8 hours on non-school days
- ▶ more than 40 hours during non-school weeks
- ▶ before 7 a.m. or after 7 p.m. during the school year

PROHIBITED WORK

14- and 15-year-olds may not:

- ▶ perform maintenance or repair work on equipment
- ▶ cook (except at soda fountains, lunch counters, snack bars or cafeterias serving counters) or bake
- ▶ operate or maintain power-driven food slicers and grinders, food choppers and bakery-type mixers
- ▶ work in freezers and meat coolers
- ▶ load or unload trucks and rail cars

16- and 17-year-olds may not:

- ▶ operate bakery machinery (certain equipment is exempt; contact your local DOL office for more information)
- ▶ operate circular saws, band saws and guillotine shears (the DOL will soon issue a regulation to prohibit workers under 18 to use power-driven meat slicers)

BIG EMPLOYER, MANY VIOLATIONS

"In the 20% of investigations I've seen so far, it appears that at least half the violations are in foodservice," says Brad Mitchell, a spokesman for the DOL's Chicago district office.

Falk found hundreds of violations where both business and employees were willing participants. In many cases, despite the law, kids closed foodservice operations at 11 p.m. and did not finish cleaning until 12:30 or 1 a.m. In other instances, managers would skirt the issue by making kids work "off the clock" after closing. The effect, he says, is that the more kids work, the less interest they take in school.

Foodservice is more at fault than other industries in part because it is one of the largest employers of youth. The Bureau of Labor Statistics estimates that almost 25% of working teens (16- to 19-year-olds)—nearly 1.5 million—are working in foodservice. Another 900,000-plus 14- and 15-year-olds are in the work force, and no one knows how many of those work in foodservice.

The sheer number of teen employees in foodservice, especially fast food, makes it a highly visible target. Revelations about work-related injuries and

deaths of youth were perhaps the most shocking part of the DOL's Operation Child Watch. Testimony before a congressional subcommittee on employment and housing last March revealed that thousands of teenagers are injured or killed in the workplace each year. One of the casualties was a 17-year-old driver for Domino's Pizza; his story was told and retold in countless media accounts, and each time the industry's reputation as an employer of youth dropped a notch.

LETTER OF THE LAW

Operators say most violations are unintentional, caused by ignorance or confusion over the laws.

"We were cited for a few minor violations," says Austaco's Dirk Dozier, a Taco Bell franchisee in Austin, Texas. "It caught us by surprise. Normally, we don't have any problems with kids working, but maybe we've been a little lazy in adhering to the law."

Under federal law, children at ages 14 and 15 cannot work more than three hours on school days, more than 18 hours a week in school weeks, or between the hours of 7 p.m. and 7 a.m. They cannot work more than 8 hours on non-school days, or 40 hours a week

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House members Don Pease (L.) and Charles Schumer point to accident statistics as justification for stricter child labor laws; 128,000 minors were injured and 59 killed in workplace incidents between 1987 and 1989.



CHILD LABOR

Federal and state measures could tighten safety controls and shorten working hours for teens.

WHY CHILDREN WORK

Working children are a distinctly American phenomenon, with deep cultural roots in the Protestant work ethic of early America. According to Temple University psychologist Laurence Steinberg in *When Teenagers Work* (by Ellen Greenberger and Laurence Steinberger, 1988, Basic, New York), nearly two-thirds of American 16- and 17-year-olds work when school is in session, while in Canada only 37% do, in Sweden only 20% and in Japan, less than 2%.

But arguments that teens have to work to help support their families, save for college or avoid getting involved in gangs don't wash with many educators.

In a survey of teachers conducted by the Green Bay (Wis.) Education Association, 96% thought the main reason teens work is for spending money. Two-thirds of students themselves admitted that spending money was the main reason they worked, with another 27% saying saving for school was their primary motivation.

Studies have shown—and most educators agree—that some work can be beneficial for teens. The point at which work begins to adversely affect performance in school is somewhere between 20 and 30 hours a week, according to experts.

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during non-school weeks. From June 1 to Labor Day, however, they may work as late as 9 p.m.

There are no federal restrictions on hours for 16- and 17-year olds, but minors age 14 to 18 cannot operate certain types of equipment, including bakery machinery and power-driven meat and food slicers.

Younger workers ages 14 and 15 are not allowed to work in or around boiler rooms, do maintenance on equipment or machinery, work on ladders or scaffolding, cook (except at lunch counters, soda fountains or cafeteria serving counters), work in freezers or meat coolers, or load and unload trucks.

A majority of violations the DOL is uncovering in foodservice involve younger employees working later or more hours than the law allows. Most of the remaining citations involve workers under 18 using meat slicers or other hazardous equipment.

"The intent of the law is the safety and well-being of teens," says Pat McKinney, vice president of operations at Pizza Hut of Fort Wayne, Ind. "If operators aren't following the guidelines, for the most part it's just an oversight. They're not intentionally running a sweatshop."

Where some of the confusion lies, according to McKinney, is in the fact that all states have their own child labor regulations, many of them different from the federal laws.

State laws are often more stringent about the hours for older youth and in some cases, they're less stringent about the hours for younger employees. What some operators might not realize is that the strictest regulations apply, whether state or federal.

Adding to the confusion is the fact that the laws are changing. As of this writing, federal legislation is being drafted for introduction to Congress this summer, and many states are reviewing their own child labor laws.

PROPOSED CHANGES IN LAW

The proposed federal legislation calls for stiffer penalties for violators, expanded "hazardous occupation orders," increased inter-agency cooperation, a more stringent work-permit system and more funding for DOL inspectors. The bill's co-sponsors, Rep. Charles Schumer (D-N.Y.) and Rep. Donald Pease (D-Ohio), are primarily concerned with eradicating sweatshop conditions and ensuring the safety of youth in the workplace.

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Many adolescents struggle to keep up with school and work—much less extracurricular activities such as sports and music. The long-term outcome could be an adult work force with fewer personal achievements and lower self-esteem.



CHILD LABOR

Pilot program in Missouri brings together McDonald's licensees and schools.

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At the state level, legislators are responding to pressures from various community members and groups; at issue is how long and how late teenage students should work.

Educators, in particular, accuse the business community of talking out of both sides of its collective mouth. On the one side, they say, business is pushing for education reform to ensure a literate, better educated, more productive work force. On the other, business contributes to the problem of kids not doing well in school.

"Employers have to be cognitive that the future of our society is dependent on education," says Tim Dyer, executive director of the National Association of Secondary School Principals. "We believe that kids belong in school. Kids who work too many hours or too late at night fall asleep in class and have poor attendance records."

States are starting to agree. In Wisconsin, a task force of educators, parents, legislators and Wisconsin Restaurant Association members is examining the issue of working children. Wisconsin state law already requires that 16- and 17-year-old workers must have eight hours off between a work shift and the start of school.

Indiana recently passed HB 1083, which allows 17-year-olds to work only until 11:30 p.m. on school nights, provided they have valid school work permits. Permits can be withdrawn if grades drop, though students have the right of appeal.

The Indiana Restaurant Association successfully negotiated a compromise in the proposed legislation, which would have prevented 17-year-olds from working past 10 p.m. (now Indiana law for 16-year-olds).

Bills being proposed in New York and North Carolina also would limit the number of hours students could work each week and impose a nighttime curfew on working students.

Significantly, the plight of working children is no longer a hotly debated issue in California. Jo-Linda Thompson, director of government affairs and general counsel for the California Restaurant Association, explains why: The state already has stringent maximum hour and night-work restrictions, as well as a closely monitored system of school work permits.

SPIRIT OF THE LAW

Educators in Missouri are taking a different tack, trying to convince em-

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ISSUE SPARKS STRONG OPINIONS

"If there is ignorance or disregard of the law, then perhaps the laws ought to be reviewed. It may be appropriate in today's culture to extend the 18-hour and 7 p.m. rules, and to allow kids to operate meat slicers." —*Bill Fisher, executive director, NRA*

"I don't think [the laws] are too strict. They are appropriate. We need to get more involved in how employees are doing academically." —*John Merritt, senior vice president, public affairs, Hardee's*

"If teachers are going to be judged on how well students do, then kids have to be in class and participate. We believe kids can work and go to school, but there needs to be a balance." —*Roger Berkebugler, principal, Rolla H.S., Rolla, Mo.*

"If restaurants were as creative in terms of personnel as they have been in food, we'd make real progress on the issue of working kids." —*Joseph Kinney, Safe Workplace Institute, Chicago*

Domino's has vowed to make sure its 5,000-plus stores comply with child labor laws in the future. As part of a vigorous safe-driving program, the company has sent franchisees a video made by a mother whose 17-year-old son was killed while delivering Domino's pizzas.



CHILD LABOR

The Burger King Academy pools public and private resources to give potential dropouts a second chance.

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ployers to buy into the spirit of the law. "We're not seeking legislation," says Bob Howe, director of the Missouri Association of Secondary School Principals. "We're seeking to sensitize business and parents to the issue."

A year and a half ago, MASSP started contacting businesses that employ teens to see if they'd be interested in starting a dialogue among business, parents and teachers. One company that responded was McDonald's Corp.

"We invited members of MASSP to meet with us in Oak Brook in January 1989," says Barry Mehrman, national employment manager at McDonald's. As a result of that initial meeting, McDonald's started pilot programs in Missouri to bring licensees and schools together.

Programs started in various communities with rap sessions where students and educators could talk with licensees about the problems of juggling work and school.

The program works, according to Roger Berkbugler, principal at Rolla High School, Rolla, Mo. "Dave Weinbaum, the owner of five McDonald's in the area, meets with me fairly frequently. He's committed to a policy not to let any high-school students close

units on school nights.

"In addition, each McDonald's gets a calendar of school events and copies of school newsletters to help plan what nights kids need off."

McDonald's is using the pilot programs to help develop a national strategy for working teens, Mehrman says. The company has produced a 15-minute video, "Work and the American Student," designed to show managers and licensees how to establish dialogue with schools on a local level.

To encourage licensees to adhere to the policy of not letting high-school students close their stores, McDonald's has put emphasis on programs like "Nighthawks," which offers special monetary and team incentives (jackets, pins, watches) to attract older workers for late shifts.

TEAMING UP WITH SCHOOLS

Notwithstanding the DOL charges it faces, Burger King, too, is trying to become part of the solution to the problem of working teens.

The company has for many years supported education in a variety of ways, including sponsorship of the "In Honor of Excellence" symposium, the "Distinguished Service to Education"

award, educational assistance and scholarships, "adopt-a-school" programs, and teacher and principal recognition programs.

Beyond merely treating education as a charity—as the high-school teacher suggested at the beginning of this article—Burger King recently stepped up its commitment to education by joining forces with the U.S. Department of Justice and Cities in Schools Inc. to create Burger King Academy.

These alternative high schools are designed to give students who are at risk of dropping out a second chance at completing their education. Each "corporate academy" brings together public and private resources to offer its students a specialized academic curriculum, employment and job skills training, career placement, personal and family counseling, even health care. Local businesses, including Burger King units, offer students on-the-job training and internships.

The Greenery, a head-injury rehabilitation center in Boston, also makes education a priority for its student workers. The center has used a program called "Earn and Learn" to encourage teens to be successful at school and on the job.

"We employ a lot of part-time kids in our foodservice operation," says Terry Anderson, director of nutrition services. Many were referred by the Boston Private Industry Council, which screens kids to be sure they have work permits, good attendance records and adequate grades.

The "Earn and Learn" program gives student employees a paid hour before the start of each shift to do homework. Then the program rewards them with pay increases for improvements in grade point averages. They're encouraged to plan ahead for tests and school events, and let the manager know about their scheduling needs; and they are allowed to swap shifts with another employee if a conflict develops.

"A certain number of weekly hours are devoted to foodservice training," Anderson says. "We rotate kids through positions and they even spend time learning about management positions to see if they're interested in foodservice careers."

"Often, this is their first job, and teaching them what's important on the job is very rewarding. They form good work habits here that they'll take with them wherever they go."

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Burger King's "corporate academy" offers at-risk students a formula for success that includes job-skills training, career placement, personal and family counseling, even health care. Students intern in Burger King units and other businesses.

WELCOME
**BURGER KING AC
STUDENTS**

CHILD LABOR

The Greenery's "Earn and Learn" philosophy teaches students to excel at school and on the job.

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A FIVE-STEP PLAN

► **Know the law.** Copies of the federal child labor laws are available from your local DOL office or from the National Restaurant Association. State laws are available from state labor offices and restaurant associations.

► **Educate your employees.** Tell your student workers what they are and are not allowed to do. A well-meaning 15-year-old who uses the slicer to help out a co-worker is breaking the law. Put up crew posters to remind employees of the laws.

► **Keep proper documentation.** Be sure that you have I-9 forms and school work permits on file for all teenage workers. Hourly time records must be kept for a minimum of three years.

► **Become more involved in young workers' lives.** Get on the school mailing list for newsletters and special events calendars. Find out when student workers need more time off for studying or social events. Keep tabs on how well they are doing in school.

► **Start a dialogue with the community.** Invite parents, teachers, principals and students to periodic rap sessions to find out what you can do to improve both work and school experiences of young workers.

As a result of the close supervision and training, The Greenery has been very successful in promoting kids. "Our weekend manager was a kid from the local PIC [private industry council] who is now in a college foodservice program," Anderson says. "We also have a chef from the program who couldn't speak English when he came to us."

SENDING "EDUCATION FIRST" MESSAGE

To help create more awareness among operators in Indiana, Pizza Hut's McKinney initiated a program through the Indiana Restaurant Association called "Education First." Elements of the program, which is still being developed, give operators the chance to let the community know they're committed to the education of their student employees.

"Education First" employers will have postcards they can send to schools to let teachers and principals know when they employ students, and placemats and window decals to let parents and the public know they subscribe to the program's credo.

So far, more than 150 foodservice operators, including a number of chains, have signed up to be part of the program.

NEED FOR GREATER AWARENESS

Perhaps the recent DOL crackdown has accomplished something positive by increasing awareness not only about child labor laws, but also about some of the problems working teens face. And greater awareness, not crackdowns, say operators, is what the industry needs to improve its image as an employer of youthful workers.

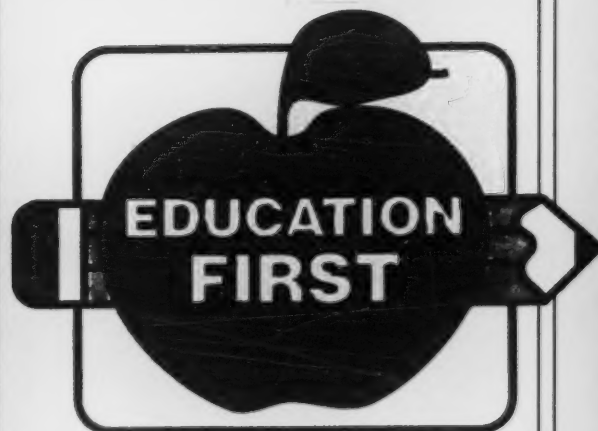
"Most operators are good people, and care about the people who work for them," says McKinney. "But they often don't know the full letter of the law."

Understanding the spirit of the law is just as important: Operators are starting to recognize the need to be more aware that their teenage employees are juggling school, work and social lives.

"We need to get more involved with how employees are doing academically," says John Merritt, senior vice president of public affairs for Hardee's. "The sole criteria for them coming to work for us shouldn't be a warm body showing up at a certain hour. We should be more involved in their lives."

Toni Lydecker and Jeff Weinstein contributed to this article.

The Indiana Restaurant Association is using placemats and window decals to help restaurateurs let the community know they're committed to the education of student employees. So far more than 150 operators have signed on.



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ABOUT THE COVER

**R&I's Executive
Of The Year:
Pizza Hut's
Steve Reinemund**

A CAHNSER PUBLICATION

400

400: PROFILE 18
 Pizza Hut, on the go and growing stronger. 1989 sales: \$4 billion-plus from 7,410 units.



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**R&I EXCLUSIVE:
 STEVEN S. REINEMUND,
 EXECUTIVE OF THE YEAR**

If pepperoni is the customers' favorite topping for Pizza Hut's pies, Steve Reinemund (shown on our cover) is the topping of choice for Pizza Hut's management team. President and CEO since 1986, Reinemund is responsible for initiating the company's successful moves of recent years—home delivery, mall units, kiosks in airports, service in institutions. Pizza Hut is No. 4 in this year's ranking; only KFC (another PepsiCo brand) tops Reinemund's company in the non-burger part of the 400.

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**THE BIG GET BIGGER
 AND, THIS YEAR, BETTER**

Sales of \$126.9 billion in 1989 by the 400 mean the giants rang up almost three-fifths of all sales by American foodservice organizations. Commercial restaurants account for \$102 billion, fast food for \$60 billion and full service for \$25 billion. Non-commercial sales equivalents added up to \$25 billion, with contract management firms capturing \$13 billion. See the 400 ranking for details about individual companies.

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**BIG DEALS AND
 SOME RED INK**

R&I evaluates the outcome of the past year's big buyouts—Grand Met's deal with Pillsbury; Copeland's purchase of

Church's. Fast-food stock as a whole had a tough year, while midscale, full-service chains did well.

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**CHAINS OPEN
 A NEW WINDOW**

Not since the '30s, when White Castle moved customers in and out of a unit in minutes, have chains placed a greater emphasis on speed and service. Drive-thrus and Rally's double-drive-thrus keep the real estate working at double time with singular success.

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**THE BILLION-DOLLAR
 PYRAMID**

This year 23 companies reported sales exceeding a billion dollars, with Little Caesar, Sizzler, Dunkin' Donuts, the U.S. Navy and Big Boy making the mark for the first time. Once again, McDonald's tops the list with \$17.3 billion in sales, one billion more than in 1989. Combined sales for the billion-dollar "club" is \$68,316.8MM.

COMING UP: PART II OF THE 400

In the next issue of R&I: Our 400 issue on menus and marketing includes the most successful product introductions of the past year.

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400: OVERVIEW

BIG PLAYERS FACE BIG CHALLENGES

Industry's 400 largest companies grow 8% for total sales of \$127 billion.

sumers are regarding as just a bit outdated and more frequent attacks from consumer and environmental groups are just a few of the obstacles blocking the sales increases that came so easily to McDonald's in the past. Chief Operations Officer Ed Rensi summed it up at the annual shareholders meeting: "'89 was tough and '90 is going to be even tougher."

While Rensi promises to fight back with new products and a renewed commitment to service, other McDonald's executives are looking overseas for the chain's future growth. Of the \$1.3 billion sales increase McDonald's posted for 1989, \$637 million came from its nearly 3,000 foreign units. Those units contributed 32% to operating profit. McDonald's opened 376 units overseas last year, compared to 323 stateside.

Despite Rensi's portrayal of 1989 as a tough year, the 400 as a whole grew 8%, or \$9.4 billion, for sales totaling \$127 billion. Among public companies, operating profits are up, reflecting streamlined corporate operations and slower, more

controlled expansion. The companies included in the 400 represent 58% of total foodservice industry sales.

Commercial restaurants account for \$102 billion of the 400 total, with fast-food operations showing sales of \$60 billion and full service at \$25 billion. Among institutional operators, sales were \$25 billion and, of these, contract management firms captured \$13 billion.

There are no newcomers to the top 10, but several of the companies gained or lost ground relative to one another. Despite its domestic woes, McDonald's increased its sales lead over second-place Burger King, which, under Grand Met management, is stepping up its sales and marketing efforts. Domino's and ARA Services switched places and now occupy the 9th and 10th slots, while the U.S. Department of Agriculture slipped from 6th to 8th place.

Hardee's acquisition of Roy Rogers positions the burger chain to finally overtake Wendy's as the No. 3 hamburger chain in 1991's 400. Wendy's continues to struggle as it looked to Chairman and founder Dave Thomas to resuscitate its fortunes. Domino's was put up for sale, with no takers.

In absolute dollar gains, McDonald's, Burger King and Kentucky Fried Chicken rank highest, with increases of \$1.2 billion and \$310 and \$300 million. One of the all-around star performers is General Mills' The Olive Garden, whose sales jumped from \$300 million to \$440 million, causing it to rise 75 notches in the ranking.

Other significant growth leaders were: Au Bon Pain, which posted gains of almost 50% in both sales and units, mostly in the Northeast; TCBY, which rode the frozen yogurt wave to a 44% gain; and El Pollo Loco, whose healthful chicken concept produced a sales increase of 41%. Hooters Restaurants, a casual-dining chain, posted the largest single gain—54.8%.

In the area of unit volumes, always a key measure of chain vitality, McDonald's and Nathan's Famous share the top spot, with both enjoying average unit volumes of \$1.6 million. Numbers three through five in the AUV ranking are Wawa c-stores (\$1.2 million), Carl's Jr. (\$1.1 million) and Burger King (\$1 million). Of the top 10 AUV leaders, seven are hamburger chains.

Among full-service restaurants, AUVs at seafood chains are strong. These include leader Phillips Seafood Restaurants at \$9.7 million, plus Original Seafood Shanty (\$3.5 million), Red Lobster (\$2.9 million), Rusty Pelican (\$2.9 million) and L&N Seafood Grill (\$2.2 million).

Restaurants & Institutions' 400 ranking for 1990, our 26th consecutive report on the largest, most important companies in foodservice, definitely has a headline story. This year, for the first time, executives at McDonald's, the leader of the 400 since 1972, are conceding that the domestic market is getting tougher and tougher to navigate. This is significant: Factors that mean slow growth for the top name in the top-selling menu segment often spell little or no growth for chains No. 2, 3, 4, and on down the line.

A proliferation of competing restaurants, a dearth of good new sites, a menu con-

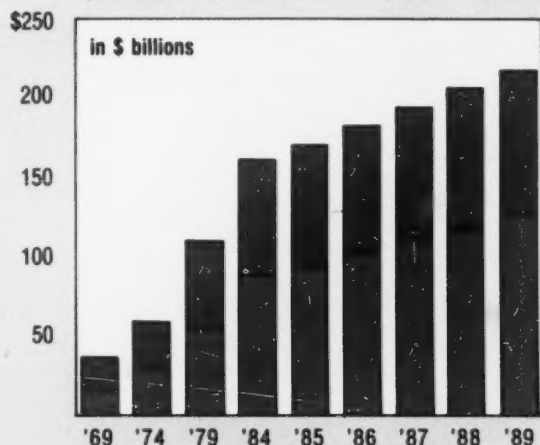
RESTAURANTS & INSTITUTIONS

Looking at fast-food check averages, we find Brown's Chicken highest at \$9, followed by McDonald's at \$5. In full service, Ruth's Chris Steak Houses average \$36, compared to second-place Grand American Fare, which operates assorted full-service concepts, at \$25.

Movement on the 400 front includes Marriott's divestiture of its restaurant companies in order to concentrate on lodging and institutional foodservice. Coniston's purchase of TW Services caused a ripple in the giant Canteen operation, while a Marriott alumnus, Steve Leipsner, is showing early that he intends to make Service America a strong player in contract feeding.

Elsewhere, the flap at Arby's sent some top people to new companies, with Len Roberts taking over at Shoney's and Ira Hermann seeking to get Rax going again.

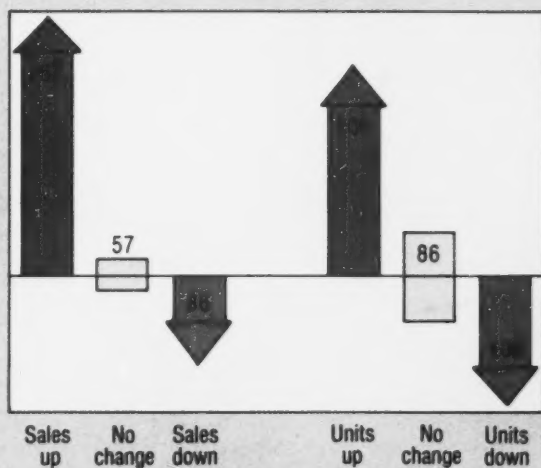
But more telling of the times is the stable management at McDonald's, Luby's, Hardee's and Morrison's Custom Management, all of which have promoted seasoned executives to top spots. At McDonald's, for instance, Michael Quinlan succeeded Fred Turner as chairman, becoming only the third chairman in the corporation's history. These companies know that internal stability, as much as external expansion, will help them successfully weather the challenges of the new decade. —Michael Bartlett



■ 400 sales as a portion of total foodservice sales

R&I's 400 AND THE INDUSTRY

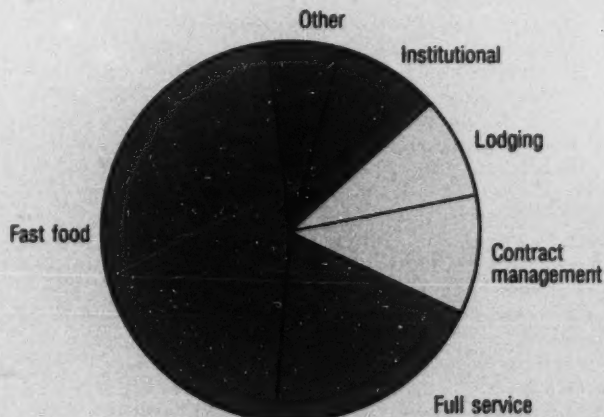
This year's 400 ranking racked up systemwide sales of \$126.9 billion in 1989—almost three-fifths of all sales transacted by American foodservice organizations during the year.



Figures are number of 400 companies

R&I 400 UPS AND DOWNS

257 companies—65% of the 400—posted higher systemwide sales than last year, while another 21% showed sales down and 14% reported no change. More than half the list, or 206 members, added units in '89; 27% cut back, and 21% held store counts even with '88.



R&I 400 SALES BY SEGMENT

Fast food accounts for \$60 billion, or 47% of all sales in the 400; full-service sales make up another 19%. Hotels, institutions and contracting each contribute about 10%. The remainder includes such service sites as retail stores and theme parks.

400: GROWTH

RANKINGS

Tops in Sales, Units and Dollar Gain

This year's list of sales- and unit-growth leaders* contains fewer "low-overhead" concepts than last year's. Subway, Cinnabon and TCBY, however, still did well.

BY SALES (%)

1. Hooters Restaurants 54.8%
2. Cinnabon 54.0
3. Au Bon Pain 47.4
4. Shari's Family Restaurants 47.1
5. The Olive Garden 46.7
6. Old Country Buffets 44.6
7. The Wood Co. 44.6
8. TCBY Enterprises 44.3
9. El Pollo Loco 41.1
10. Pennsylvania Dept. of Corrections 36.0

BY UNIT (%)

1. Pennsylvania Dept. of Corrections 142.9%
2. U.S.M.C. Morale Welfare & Rec. Support 92.3
3. Hooters Restaurants 86.7
4. The Wood Co. 73.2
5. Shooters Waterfront Cafes 50.0
6. The New York Restaurant Group 50.0
7. Au Bon Pain 50.0
8. U.S. Air Force Clubs 48.1
9. Nathan's Famous 42.1
10. Subway 41.7

BY DOLLAR GAIN

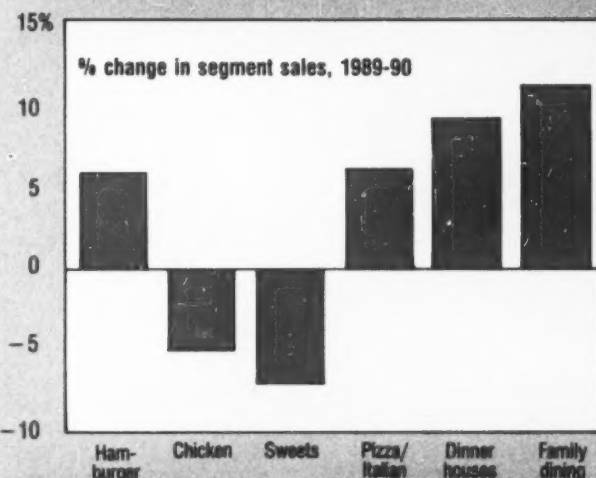
1. McDonald's \$1,233MM
2. Kentucky Fried Chicken 310
3. Burger King 300
4. Little Caesars 222
5. Subway 200
6. Domino's Pizza 200
7. The Olive Garden 140
8. Arby's Inc. 140
9. Wendy's Intl. 134
10. Dairy Queen 112

*Organizations whose '88 or '89 sales were estimated by R&I are excluded from the Growth Leaders lists.

SEGMENT DATA

FAMILY DINING MAKES BEST SHOW

The family-dining segment, fueled by such winners as The Olive Garden, leads the industry in sales growth. The sweets category, and cookie chains in particular, have fallen on hard times.



SPOTLIGHT

Au Bon Pain Goes Where the Dough Is

Au Bon Pain Chairman Louis Kane knows time-strapped train commuters won't walk more than about 50 feet out of their way for a cup of coffee and muffin, so his strategy is to put an Au Bon Pain in every commuter's path. In the chain's hometown of Boston, for example, most of the 28 Au Bon Pain units operate within a mile of South Station.

Kane's market penetration strategy has been successful so far: Au Bon Pain's sales increased by more than 47% from 1988 to 1989. Kane credits new units with much of the increase but also points out that same-store sales were up 6% in 1989, despite an otherwise weak Boston economy.

Kane says saturating a market gives the chain a



Au Bon Pain units, such as this one at Harvard Square, average \$1.1 million in sales annually.

more visibility: "Consumers know we're there." The company will follow the same expansion strategy as it moves into Philadelphia, Washington, New York, Chicago and Minneapolis.

Kane is reluctant to talk about long-range growth plans, citing the volatility of the industry, but he says the chain will pass the 100-unit mark in early 1991. "We're going for good, controlled growth," he says.

Au Bon Pain units, which are open only for breakfast and lunch, average about \$1.1 million a year, with the sales split equally between the two dayparts.

GROWTH HIGHLIGHTS

Majority Show Strong Gains

The foodservice market might be entering its "mature phase," in which incremental sales are harder to come by, but one would never know it by looking at R&I's 1990 400 ranking.

More than half of the companies showed positive sales growth, and about a quarter recorded double-digit growth. Although many of the leaders (ranked by percent of sales growth) were smaller companies, 15 companies posted sales growth of more than \$100 million. By segment:

■ **Fast food's** major players fared well and, in fact, nine of the 10 top growth leaders ranked by absolute sales growth were fast-food chains. Companies repeating double-digit growth included Subway, Little Caesars Pizza and TCBY.

■ **Full service** is not becoming extinct, at least not among 400 members. Four of the top 10 leaders by percent of sales growth fall in that category. The Olive Garden, in particular, defies forecasts of midscale demise, posting close to 50% growth.

■ **Institutions**, especially contractors, showed good growth, although only one was among the growth leaders. Unfortunately, much of the growth in this segment occurred in the prisons.



400: DEALS

OWNERSHIP

Foreign Buys Make News Again

he hot pace of foreign acquisition held steady last year: **Bass PLC** added the U.S. **Holiday Inn** franchise to the overseas rights it already owns, and **Allied-Lyons** bought **Dunkin' Donuts** and **Mister Donut**.

But once again, Japanese deals got most of the ink. **Kyotaru Ltd.**, owner of 800 units in Japan, made a pair of major buys in succession: **Restaurant Associates** (Mamma Leone's, Acapulco, Charlie Brown's) and **Paragon Steakhouses** (Hungry Hunter, Mountain Jack's). And **7-Eleven** hopes for substantial debt relief by selling out to the company that controls its Japanese licenses—if bondholders agree to a stock swap to reduce interest costs.

UNDONE DEALS

Best-Laid Plans

s usual, for every deal that flew, many flamed out. **Hilton Hotels** held a sale and nobody came, thanks to a junk-bond nose dive in October '89. Buoyed by '88's record prices for hotel chains, the company put itself on the block but found no takers. From 115½ last summer, Hilton stock fell to 52 in March '89. Latest word has Hilton looking to sell jewel **Waldorf-Astoria**.

Junk-bond weakness also scuttled **Domino's** founder **Tom Monaghan's** plan to sell out to the company's ESOP, and a proposed buy by **Domino's** franchisees. And tumultuous **Arby's** got two failed bids following **Len Roberts'** departure: one from licensees and one from **Nathan's Famous**.

AUCTION CORNER

THE YEAR'S BIGGEST DEALS

Here's a sketch of who bought what for how much. Where no price was disclosed, *R&I* lists analysts' best estimates of value.

Property	Seller	Buyer	Price
Holiday Inns USA	Holiday Corp.	Bass PLC	\$2,230MM
TW Services	(self)	Coniston Partners	1,300
HBJ Parks	Harcourt Brace Jovanovich	Anheuser-Busch	1,100
Jerrico	(self)	DJS/Inverness & Castle Harlan	620
In-Flite Services	Marriott Corp.	Caterair Intl.	570
Ramada Hotels	Ramada Inc.	Prime Motor Inns	450
Roy Rogers	Marriott Corp.	Hardee's	365
Dunkin' Donuts	(self)	Allied-Lyons PLC	325
Restaurant Associates	(self)	Kyotaru Co. Inc.	110
Carvel	(self)	Investcorp	80
USACafes	(self)	Metromedia	70
Winchell's	WDH Services	Shato Holdings	40
Mrs. Winner's	Winners Corp.	RTM	30
Skipper's	(self)	National Pizza	28
Mister Donut	Intl. Multifoods	Dunkin' Donuts	20-30
Del Taco, Naugles	AWR II	(Co. mgmt.)	NA



SPOTLIGHT

Marriott's Makeover

any analysts were caught flat-footed by **Marriott's** announcement last December that it would sell its restaurant concepts, including the much-touted **Allie's** startup. But by doing so, and by selling **In-Flite** airline catering, **Marriott** leaves behind two competitive fields with low margins and low growth

(about 8% annually) in favor of lodging and contracting, which **Marriott** believes have a chance of 15% to 20% growth.

Analysts applauded the sale of 600 **Roy Rogers** to **Hardee's** as a fine strategic fit that will allow the company to expand the No. 4 burger chain beyond its Southern home. Most **RR** units will convert, though converted stores will offer **Roy Roger's** chicken. The remainder of **Marriott's** restaurants, a grab bag that includes **Allie's**, **Bickford's**, **Wag's** and 235 **Bob's Big Boys**, are a harder sell.

Meanwhile, the company is growing its institutional foodservice. Upscale **B&I** caterer **Corporate Foodservice** will probably run as a brand name of the contracting arm. And a Japanese joint venture with restaurant owner **Sumitomo** should open up a worldwide market for food served up with **Marriott** service.

MERGER+MOVES

Dollars into Doughnuts

teaks and sinkers supplied much of the acquisition action in this year's 400. **Allied-Lyons PLC**, parent to **Baskin-Robbins**, acquired **Dunkin' Donuts** last fall to defend the company from a hostile takeover by two Canadian partners. **Dunkin'** then bid for **Mister Donut**, **International Multifoods'** last restaurant chain. The purchase will give **Allied** about 65% of the domestic doughnut market; but a U.S. District Court did not allow the claim made by 130 **Mister Donut** franchisees that this constituted a monopoly.

DUNKIN' DONUTS

Franchisees were also up in arms at **USACafes**, whose **Bonanza** chain was acquired by **Metromedia Steakhouses**, which owns both the **Ponderosa** chain and rights to the **Steak and Ale** franchise. The deal puts **Metromedia** in charge of almost 1,400 budget steakhouses, but several **Bonanza** franchisee groups are resisting.

Prime Motor Inns, which bought the U.S. franchise rights to the 630-unit **Ramada Inn** chain last summer, wants to sell 65% of that franchise. **Blackstone Partners** will form a joint venture with **Prime** to manage and develop **Ramada**.

Horn & Hardart will sell its East Coast concepts, including **Bojangles'**, retaining only **King's Table**. ... **Pantera Corp.** will divest 106 company-owned **Pizza Inns**. ... **Applebee's** reports offers to buy "all or a portion" of the casual chain.

400: OPERATIONS

CREDIT CARDS

Beam It Up

Bakers Square and Kentucky Fried Chicken are taking credit-card acceptance to new heights with a satellite linkup.

Bakers Square put its 161 outlets on the satellite system this spring. The system, which enables almost instant authorization of credit cards, speeds up lines at the pie takeout counter and cash register.

Kentucky Fried Chicken uses the system to accept checks, crucial in gaining a bigger share of the church-supper business. The system is updated daily with a list of bad checking-account numbers. If the check isn't good, the "smart box" indicates so to the counter person.

UNIT VOLUMES

QUICK SERVICE: TOP 10

Fast-food burger chains lead the pack in unit volumes.

1. McDonald's	\$1.6MM
2. Nathan's Famous	1.6
3. WaWa (c-stores)	1.2
4. Carl's Jr.	1.1
5. Burger King	1.0
6. Hardee's	923K
7. Rally's	918
8. Krystal	812
9. Wendy's	808
10. Popeyes	712

FULL SERVICE: TOP 10

Seafood chains net the biggest full-service volumes.

1. Phillips Seafood Restaurants	\$9.7MM
2. Shooter's	5.6
3. Original Seafood Shanty	3.5
4. T.G.I. Friday's	3.3
5. Red Lobster	3.0
6. Rusty Pelican	2.9
7. The Olive Garden	2.6
8. Chi-Chi's	2.5
9. Bobby Rubino's	2.4
10. L&N Seafood Grill	2.2

Based on available data.

SPOTLIGHT

Takeout Trials, Delivery Dilemmas

Takeout and delivery combined are expected to account for two-thirds of total food-service sales by 1995.

These two strategies, however, don't always work. Case in point: Country Kitchen has scrapped plans for Country Hutch, a takeout counter. The whole idea of takeout—packaging, choosing portable menu items, offering quick service and figuring out price



points—proved too complicated and costly, says John Ostrov, vice president of marketing for the chain.

"Takeout takes a lot more time and money than we're willing to give," he explains. "We'd rather focus on building lunch and dinner traffic." He says Country Kitchen prefers to stick to its eat-in niche: "Marie Calender's has takeout, and so does Perkin's. How many family restaurants need a takeout counter?" And Country Kitchen franchisees, he adds, are pleased with the decision to focus on in-store dining.

Pizzeria Uno does not offer delivery by design, says Richard Turer, director of marketing for company-owned stores. In order to keep delivery business up, chains need to advertise delivery, Turer explains, and delivery advertising would conflict with Uno's image as a full-service, eat-in restaurant. He adds, however, that several franchisees have had success with independent delivery services.

SUGGESTION BOX

Traffic Builders

What is your company doing to build traffic, especially in off-peak hours?

■ "Family Night offers half-price burgers on Tuesday nights, a particularly slow night. Traffic on Tuesdays is now up 20%." —Sonic Drive-Ins

■ "Price incentives, such as nickel coffee and specials on fruit and yogurt, pick up off-peak hours." —Tostitos Inc.

■ "Some institutions provide special evening functions such as ice cream parties and Cookie Night. These functions break up the normal routine for inmates and are enjoyed by all." —U.S. Department of Justice

■ "We telemarket Happy Hour parties and weeknight promos. Costumed characters pass out coupons and fliers in local markets." —Grand American Fare

■ "We feature a \$1.99 children's menu at breakfast, lunch and dinner to retain family guests for meals." —Omni Hotels

GUEST CHECKS

Aiming Low

When it comes to check averages, some chains believe that higher is not necessarily better.

Rax President Ira Hermann says check averages at Rax have dropped to \$2.88 from \$3 during the past year, thanks to smaller, lower-priced sandwiches.

Chili's CFO Jim Parish says Chili's \$9.50 check average keeps value-minded customers coming back. Executives at Morrison hold down menu prices, and therefore check averages, "because of competitive pressures and to retain our price/value awareness."

CHECK AVERAGES

QUICK SERVICE: TOP 10

Non-burger chains lead the way in check averages.

1. Brown's Chicken	\$9.00
2. McDonald's	5.00
3. Nathan's Famous	4.75
4. Skipper's	4.60
5. Schlotzsky's	4.00
Del Taco	4.00
6. Taco Time	3.95
7. Subway	3.87
8. Long John Silver's	3.80
9. Skyline Chili	3.75
Everything Yogurt	3.75
10. Burger King	3.64

FULL SERVICE: TOP 10

Midscale dinner-house chains boast the largest checks.

1. Ruth's Chris Steak Houses	\$36.00
2. Grand American Fare (assorted concepts)	25.00
3. Rusty Pelican	22.50
4. Benihana	22.14
5. Phillips Seafood	21.05
6. Hungry Hunter (Paragon)	20.00
7. Beefsteak Charlie's	14.00
8. Sea Galley	13.75
9. Shooter's	13.71
10. Creative Restaurant Mgmt. (assorted concepts)	13.00

Based on available data.

400: FINANCE

UPDATE

The Big Deals, One Year Later

Time for a look at some of the big buy-outs of the 400 to see how they weathered 1989's financial storms. Last year's big spender, **Grand Metropolitan PLC**, closed a \$5.8 billion deal for **Pillsbury** in January '89 and finally might be getting its money's worth. The British conglomerate reported that gross earnings for the first six months of fiscal 1990 rose 36% over a year ago to \$675 million. Subsidiary **Burger King** posted six-month operating profits of \$87 million, 74% higher than the same period last year.

Thanks to a poor junk-bond market, **TW Holdings**, the company created by **Coniston Partners**' leveraged buyout of **TW Services**, has had some difficulty selling the 30% of its shares that are still publicly held. But that should change as the company improves its 12-to-1 debt-to-equity ratio by selling \$120 million in assets—such as its **American Medical Services** nursing-home arm, sold last January to **HostMasters Inc.**—and by boosting operating cash flow. Many analysts agree **TW** can do it, based on the track record of CEO **Jerome Richardson**.

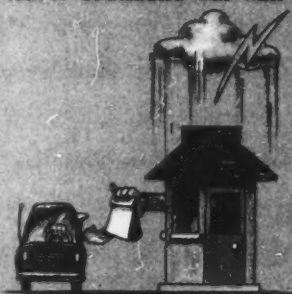
Last year **A. Copeland Enterprises**, owner of **Popeyes Famous Fried Chicken**, paid \$416 million for the larger **Church's Fried Chicken**. The company has not sold off as many **Church's** units as it had hoped, and still has a debt load of almost \$500 million. New **Popeyes** products and a sit-down restaurant format will have to perform superbly to help the bottom line: In '89 **Copeland** reported a net loss of \$39 million.

TROUBLE SHOOTING

C-Store Squeeze

Convenience stores found 1989 a most inconvenient year. C-stores are being whipsawed between conventional grocery and drug stores, which are expanding their retail lines, and the big oil companies, which are busily converting self-serve pump stations to mini-markets.

At press time, segment leader **Southland** was wait-



ing to see if bondholders would swap high-interest notes for zero-coupon bonds with a much longer maturity: Only then will **Ito-Yokado**, one of Japan's biggest retailers and majority owner of **7-Eleven Japan**, agree to buy a 75% interest in the ailing company.

Meanwhile, No. 2 **Circle K** filed for Chapter 11, brought down by a \$1.1 billion debt load from its stratospheric growth under former CEO **Karl Eller**. **Rosemont, IL**-based **Convenient Food Mart** filed for bankruptcy after settling franchisee lawsuits for overstating first quarter '88 earnings by more than 200%.

Despite segment woes, both **Wawa Inc.** and **Emro Marketing** did well enough to make the 400 for the first time this year.

SPOTLIGHT

Chart House Plots IPO Course

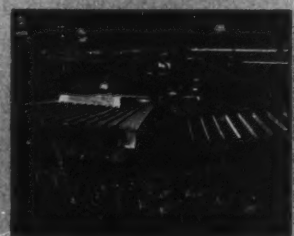
The public market was a choppy one for restaurant stocks in 1989, but three companies did set sail for the first time: **Applebee's International**, **Rally's** and **Chart House Enterprises**.

Chart House falls into a category **Wall Street** rarely understands: mid-to upscale dining. The chain consists of 60 or so high-end dinner houses—average checks are about \$20 for dinner, the only meal many of these units serve—and the 14-unit **Paradise Bakery** chain, which sells fresh muffins, cookies and sandwiches in mall sites.

The company is nicely positioned for aging, affluent baby boomers and their yen for a more deluxe restaurant experience with plenty of atmosphere. And since no

single chain dominates the nationwide casual-dining market the way **McDonald's** does in fast-food, **CHE's** success will depend less on mobilizing millions of ad dollars than on executing well on a unit-by-unit basis.

CHE management hopes to increase revenues and earnings per share by 15% a year. That's not unreasonable: Established in 1961, the chain has seen continual sales and operating growth for the last 20 years. Most new growth will come from unit expansion, though **CHE** has not set a target for yearly openings.



Each **Chart House** unit's design is unique to the site.

PERFORMANCE

Black Ink, Red Ink

Fast-food stock as a whole had a tough year. The price of **Wendy's International** shares declined in 1989 as heavy discounting and tight competition kept a lid on earnings gains. **Carl Karcher Enterprises** proved unable to overcome higher produce and operating costs; real same-store sales dropped 3% in '89, dampening the company's stock price.

A wide range of midscale full-service chains were standout performers in the '89 market. **Sbarro**, **Chili's**, **Cracker Barrel**, **Buffets Inc.** (parent of **Old Country Buffets**) and **VICORP** (operator of **Village Inns** and **Bakers Square**) all outperformed the market.

A handful of chains emerged from Chapter 11 in '89—most notably, **PoFolks**, trimmed down from 164 to

PoFolks

136 units and showing a profit again. But several others went the other way. Perhaps the most highly visible was casino operator **Resorts International**. At press time, **RI's** reorganization plan was waiting for federal approval.

Bombay Palace Restaurants and **Pantera's Corp.** also filed for bankruptcy protection because of heavy debt burdens from acquisitions made in '87—**Lifestyle Restaurants** (parent of **Beefsteak Charlie's**) in the case of **Bombay**, **Pizza Inns** by **Pantera's**. Others in Chapter 11 at press time include **K-Bob's Steak Houses** (as of 12/89) and **Dino's/Crusty's Pizza** (as of 6/89, due to emerge in 6/90).

400: SITES



Rally's: 275 units will be open by year-end.

DOUBLE DRIVE-THRU

Rally's Goes National

■ Fall the double-drive-thru chains born in the mid-'80s, only one, Rally's, seems headed for national status. The Louisville, Ky.-based chain enters the 400 this year ranked as No. 179 (sales of \$102 million), with 210 restaurants in 24 states.

What's more, it has succeeded in opening double-drive-thrus in the North, where heavy traffic and inclement weather are most likely to hurt drive-thru sales. The chain operates 12 restaurants in Detroit and seven in the Indianapolis area.

Rally's top management, headed by former Kentucky Fried Chicken executive Richard Sherman, says its secret is simple. The menu is limited, burgers are priced 30% cheaper than the top four burger chains, and service is fast, although service times are not guaranteed. The restaurants are small—720 square feet—and require initial investment of about \$550,000.

Rally's formula has paid off in several ways: Average unit volumes are \$918,000; discounting figures only 6% of transactions (compared to a 30% average for all of fast food), and its sales-to-investment ratio averages 1.62 (compared, Rally's says, to 1.04 at McDonald's and .90 at Wendy's).

SPOTLIGHT

Double-Ups Return

■ Remember when Hardee's and 7-Eleven tried to do business under one roof? Or Pizza Inns and Circle K?

Those early attempts at combining have given rise to the much simpler approach of selling branded products under new roofs. Marriott Corp. has inked deals to sell Mrs. Fields Cookies and Dunkin' Donuts at its contract management sites. American Airlines offers passengers single-serving cups of I Can't Believe It's Yogurt yogurt. Domino's Pizza delivers—to schools in the 100,000-student Orange County (Fla.) School District, and to a half-dozen hotels around the country.

Other companies combine

their own brands under one roof. PepsiCo's three All in One stores offer a limited number of menu items from Pizza Hut, Taco Bell and Kentucky Fried Chicken. Steve's Ice Cream, which also owns Heidi's Frozen Yogurt and Swensen's, pairs one of its ice cream concepts with the yogurt concept, and soon will add David's Cookies to the combination. Steve's, however, does not plan to buy David's.

At least three companies plan to make "old-fashioned" combining work. KFC, through CattleGuard, a Houston-based company that does foodservice for several Sears stores, will open chicken stores in two of the chain's department stores. Starting this summer, Little Caesars will open pizza stores in several K marts. Arby's operates three restaurants in Pilot Oil truck stops.

SUGGESTION BOX

Off-Premise Ideas

What is your company doing to get product to the customer in new ways?

■ "Testing credit-card acceptance, improved takeout packaging to improve portability and heat retention, testing finger foods that can be eaten in the car." —*Long John Silver's*

■ "Takeout meat, fruit, vegetable and cheese trays advertised through a full-color brochure; healthy-food delivery service to the campus offices." —*Michigan State University*

■ "Purchased POS units with monitors and headsets to speed up service, testing fax machines in certain units, using call-ahead for drive-thru orders." —*Steak 'n Shake*

■ "Purchasing new mobile food-serving equipment adaptable to any location." —*Pu. School District*

■ "Distro 110 and Randall's RibHouse are involved with Room Service, a home-delivery service in the Chicago area." —*The Levy Restaurants*



STRATEGIES

The Conversion Factor

■ One chain's underperforming unit is another chain's star—or so think executives at Carl's Jr., Rax, Shoney's and Arby's.

In 1989, Rax bought and remodeled eight buildings, including a Perkin's in Ohio, a Bojangles' in Indiana and a Firestone Tire Center in Pennsylvania. Arby's purchased and remodeled 12 Rax stores in Solano County, Calif. Shoney's bought nine Elby's restaurants in the Columbus,



Shoney's bought and converted 14 restaurants in '89.

Ohio, area and another five on the East Coast. Carl's Jr. purchased 10 Wendy's in Tucson, Ariz., from a Wendy's franchisee.

REAL ESTATE

Bob Evans

'Buys' Neighbors

■ It's good, but just a bit too large? Bob Evans buys the whole thing—if the price is right, says Bob Wood, chief operations officer at the family-dining chain. The chain sells the remaining land to a budget motel, service station, c-store or even another foodservice chain, provided it's not a family-dining chain. About 21 of the chain's 232 units are located on such sites, Wood adds.

400: EXECUTIVES



SMOOTH MOVES

Executive Merry-Go-Round

Executives in the 400 have been making major moves between companies: **John M. Cranor III** succeeded **Richard Mayer** as president of Kentucky Fried Chicken Intl. Mayer took a top post at a food manufacturer. **Kyle Craig**, former assistant to the chairman at PepsiCo, replaced **Steven V. Fellingham** as president of Kentucky Fried Chicken USA. Fellingham is now chairman and CEO of Carvel Corp. ... **Michael P. O'Donnell**, former senior vice president at TGI Friday's, succeeded the late **Eric Bernard** as president and CEO of Ground Round. ... At Burger King, **Barry Gibbons** became CEO last February. This past March, **C. Ronald Petty** resigned his post as president. **Gary Langstaff** left the top marketing spot at Hardee's to take the same job at BK. ... Former Church's President **Ernest Renaud** is now president of Skats, a 20-unit fast-food chain. ... **Steve Leipsner** left his executive vice president post at Marriott to become CEO of Service America. ... **Jeff Rogers**, former CEO of USACafes, is now CEO of Pizza Inns. ... **Vern Stewart**, former COO at Sonic Drive-Ins, joined A&W as executive vice president and COO.

MONEY

SALARY SAMPLER

Careers in foodservice can be lucrative indeed, as this sampling of 400-company executive pay attests.

Executive/title/company	Salary + Bonus
Michael D. Eisner , Chmn. & CEO, Walt Disney Co.*	\$9.59MM
Ralph E. Abion , Chmn. & CEO, Ogden Allied Services Corp.*	2.00
John Teets , Chmn. & CEO, Greyhound Dial Corp.*	1.76
Kenneth A. Macke , CEO, Dayton Hudson Department Stores*	1.45
David A. Jones , Chmn. & CEO, Humana Inc.*	1.04
Alvin C. Copeland , Chmn. & CEO, Al Copeland Enterprises Inc.	1.03
J. Willard Marriott , Chmn. & CEO, Marriott Corp.*	1.01
Michael R. Quinlan , CEO, McDonald's Corp.	1.01

*Excerpted by permission of Forbes magazine, May 28, 1990. ©Forbes Inc., 1990.

SPOTLIGHT

The Arby's Affair

When **Ira Hermann** left **Arby's** last spring to take the helm of competitor **Rax**, he started an executive soap opera that has yet to air its final episode.

Sources guess that Hermann's unexpected move was sparked by tension between the chain's top executives and owner **Victor Posner**. That tension escalated to a battle between Posner and Arby's franchisees for control of the chain. **Len Roberts**, Arby's CEO at the time, sided with franchisees and was ousted by

Posner for his efforts. In January, Roberts landed in the chairman's office at Shoney's.

Meanwhile, **Frank Belatti**, another turnaround-team member at Arby's, had been named to replace Roberts. CFO **Kam Nassar** and Executive Vice President **Russ Cooper** seemed likely to stay put—until this spring, when Cooper left to join Roberts at Shoney's.

Back at Rax, Hermann wooed two more managers from Arby's: **Betty Marshall** to head up purchasing and **G. Bill Burton** to take over Rax's real estate department. Marshall, alas, has already departed Rax for Shoney's.



BELATTI



COOPER



ROBERTS

Cooper: Torn between two bosses?

PROMOTIONS

Climbing the Corporate Ladder

Top executives are rising through the ranks: **Michael R. Quinlan**, chairman and CEO of McDonald's, was named chairman. **Fred Turner** took the title of senior chairman. ... **Thomas Monaghan** named **David Black** president and CEO of Domino's. Monaghan retains the title of chairman. ... **William E. Prather Jr.** succeeded **Jack A. Laughery** as CEO of Hardee's last November. ... **Ralph Erben** succeeded **John Lahourcade** as CEO of Luby's Cafeterias. ... **Joe Byrum** became CEO at Morrison's Custom Management after **John Metz** retired.

IN MEMORIAM

Foodservice Farewells

The foodservice industry lost some its finest members in the last year: **Eric Bernard**, former chairman of The Ground Round, died in late September. He was 57. ... **Richard Hohman**, president of Country Hospitality, died at his home in Edina, Minn., of cancer last June. Hohman's foodservice career spanned more than 30 years. ... **Max Rosey**, publicist for Nathan's Famous for 25 years, died Jan. 9 after a lengthy bout with cancer. He was 79. Rosey was renowned for his publicity stunts, which included launching a campaign for a pig farmer to become U.S. president. ... **Will Clayborn**, the highly innovative senior vice president of marketing at Bonanza, suffered a heart attack and died last June. He was 38.

400: INTERNATIONAL

NEW MARKETS

Moscow: Red Hot

After nearly a decade of negotiating, building factories and creating supply lines, **McDonald's** finally opened in Moscow last fall. The 700-seat restaurant serves about 30,000 people a day; lunch lines start forming at 9 a.m. The burger giant's success poses one question: Who's next?



McDonald's in Moscow: Negotiations started nearly a decade ago.

The answer is **Pizza Hut**, which has been negotiating for a Moscow site almost as long as McDonald's did. An agreement parent company **PepsiCo** signed to trade soft-drink syrup for Russian vodka might speed things along: Pizza Hut executives say they hope to open three restaurants in Moscow, the first this fall.

Baskin-Robbins, too, is open for business in Moscow—after a fashion. The 31 flavors soon will be manufactured in Ostankino, a suburb of Moscow, and sold in Soviet grocery stores and at kiosks.

Yet another fast-food chain, **Nathan's Famous**, opened a hot dog stand in Moscow in October, and now is fretting over that move. The problem? Profits are too difficult to get out of the Soviet Union.

UNITS ABROAD

10 BIGGEST COMPANIES OVERSEAS

Contrary to popular belief, KFC is America's best-traveled fast-food chain. McDonald's, however, should surpass it this year: More than half its '89 openings were overseas.

	Company	Co.-owned	Franchised	Total
1.	KFC	772	2,236	3,008
2.	McDonald's	940	1,952	2,892
3.	Baskin-Robbins	0	997	997
4.	Pizza Hut	298	658	956
5.	Dairy Queen	0	579	579
6.	Burger King	145	519	664
7.	Dunkin' Donuts	0	350	350
8.	Domino's	68	251	319
9.	Shakey's	0	161	161
10.	Orange Julius	0	154	154

SPOTLIGHT

Franchise Deals

A number of chains will travel abroad this year via new franchise agreements with foreign partners:

■ **Burger King** will open in Budapest, Hungary, in October—the burger chain's franchisee is **Pannonia**, Hungary's biggest food-service operator.

■ **Dairy Queen** franchisee **Barney Chapman** will open Dairy Queen stores in Spain, Portugal and Italy.

■ **Trusthouse Forte** will open the first English **Sbarro** restaurant sometime this summer.

■ **Country Kitchen** plans to open 200 restaurants in Ja-

pan, the first five of which will be up and running by 1991. CK's partner is a Japanese railroad company.

■ **TGI Friday's** U.K. franchisee, **Whitbread**, will open a minimum of 10 Friday's in Canada during the next five years.

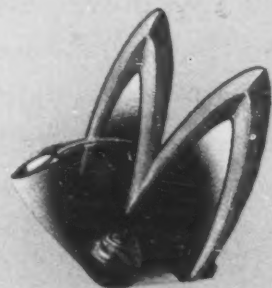
■ **Mansfield Brewery** plans to open at least 20 **Bonanza** restaurants in Britain during the next several years.

■ **McDonald's** will open a second restaurant in Hungary this year through an agreement with a Hungarian businessman.

■ **Arby's** has signed agreements for development of 35 units in Mexico City and five restaurants in Bangkok, Thailand.

■ **Marriott and Royal Co.**, a Japanese restaurant company, have teamed up to offer contract-management services in Japan.

■ **Carl's Jr.** will open in Malaysia, Singapore, Australia, Hong Kong, Indonesia, the Philippines, Thailand, Taiwan and New Zealand, thanks to an agreement it signed with international financial services firm **MBF**.



WHO'S WHERE

COUNTRIES WITH THE MOST AMERICAN RESTAURANTS

"Other" refers to countries that don't fall into a neat category (e.g. Greece, Malaysia).

1.	Japan	1,827
2.	Canada	1,338
3.	Other (Europe)	772
4.	Australia	750
5.	United Kingdom	726
6.	Other (world)	678
7.	Other (Asia)	546
8.	Caribbean	213
9.	Mexico	146

Source: International Franchise Association Educational Foundation Inc.

EXPANSION PLANS

Little Caesars Still Tackling Mother's

Usually, foreign buyers make all the news: Grand Met and Pillsbury, Inno-Pacific and Shakey's, Skylark and Red Robin. Last year, **Little Caesars** turned the tables when it bought **Mother's**, a Canadian pizza-delivery chain.

The buy has proven quite a challenge, says **Lisa Ilitch Murray**, Little Caesars' vice president of training and corporate communications. Mother's was bankrupt at the time of the purchase; the former 100-unit chain is now down to 41 units. Most of the shuttered stores closed before the sale became final, Murray says. The 25 that have been converted to Little Caesars stores offer both Little Caesars' pizza and Mother's popular pastas and salads.

Despite the headaches, Murray says Little Caesars doesn't regret the buy. "We love Canada—we've been there since 1968," she says, adding that the chain has opened 10 new units in Canada since January. "We plan to do business there for a long time."

400: INSTITUTIONS

GIANTS

The Top Five

Just how big are the five largest school and health-care systems? When combined, the commercial-sales equivalents for the top five school systems account for 72.2% of sales of all of the school systems listed in the 1990 400. The top five health-care systems' combined commercial-sales equivalents represent 58.5% of all health-care systems listed.

SCHOOLS

New York City Bd. of Ed.
No. of serving locations: 1,247
No. of meals/year: 130.7MM

Los Angeles Unified Sch. Dist.
No. of serving locations: 648
No. of meals/year: 98MM

Chicago Bd. of Ed.
No. of serving locations: 603
No. of meals/year: 61.2MM

Dade Co. (Fla.) Schools
No. of serving locations: 292
No. of meals/year: 38MM

Houston Independent Sch. Dist.
No. of serving locations: 227
No. of meals/year: 25MM

HEALTH CARE

Beverly Ent.
No. of beds: 95,913
'89 F&B purchases: \$96MM*

National Medical Ent.
No. of beds: 72,000
'89 F&B purchases: \$100MM

Hospital Corp. of America
No. of beds: 24,500
'89 F&B purchases: \$48.5MM*

Humana Inc.
No. of beds: 17,567
'89 F&B purchases: \$36.7MM

Daughters of Charity
No. of beds: 14,000
'89 F&B purchases: \$38MM

*RAI estimate

SPOTLIGHT

On the Road to Recovery

Averaged buyouts, spinoffs and downsizing are some of the remedies proscribed for the financially ailing health-care field. Here is a brief update on what several health-care companies are doing to restore financial health:

As of April, **Beverly Enterprises** had sold about 120 of the 370 long-term care facilities it put on the block last July—and it is showing a profit for the last three quarters.

American Medical International was acquired by



National Heritage Inc.

Chicago's Pritzker family for \$1.7 billion last fall. The company is in a good position to pay off \$1 billion in LBO-related debt by spring 1991, with \$400 million in asset sales, \$168 million from the sale of four Swiss hospitals and an operating income of \$135 million.

National Heritage's parent, Southmark, is in Chapter 11, bad news for NH because almost all of its nursing homes operate in partnership with Southmark. The agreement to merge NH with **Lifecare Centers of America** is still in discussion, but nothing will be resolved for several months.

Hospital Corporation of America, which went through a \$4.9 billion LBO last year, failed to sell its 54 psychiatric units, but its operating income is up 14% to \$853 million, so it is in promising shape to pay off LBO debt, analysts say.

SUGGESTION: BUY

Subsidy Solutions

How do you contain costs?

■ "We always look to generating more income. We assess what we can do with the money we have to build sales and find new markets. For example, we've had more than 6,000 orders from parents for our \$13 'Exams are in the Bag' care packages that we distribute during exam weeks."
—*Michigan State University*

■ "One of the most effective courses we took, which made us a bit unpopular for a while, was allocating a specific number of labor hours employees are allowed to work each week in each school. We increased productivity by 30% by raising our meals per labor hour from 12 to 18."
—*Dade County Schools*

■ "One step we take in many of our accounts is reducing menu size. Sometimes there will be 400 items when 200 would still provide plenty of variety and reduce food and labor costs at the same time. We do extensive customer surveys to pick the best items."
—*Marriott Food and Services Management*



MANAGEMENT

Contract Coups

The following list is a sampling of the largest contracts awarded to major food-service management companies in '89 and early '90.

Marriott Corp.
Granite Schools, Salt Lake City, Utah: \$9+MM
Indiana State University, Terre Haute: \$7+MM
ARA
Department of Commerce, Washington, D.C.: N/A
Montefiore Hospital, Pittsburgh: N/A
Canteen Corp.
Rich's Department Stores, Atlanta: \$6.8MM
Hudson County Meadowview, New York (health care): \$5.8MM
Service America
Ameritech, Chicago: \$13.5MM
University of Calif., Irvine: \$3+MM

MARKETING

Brand-Name Concepts Grow

Morrison's Custom Management began its Fast Takes take-out program this past April. The comprehensive food, service and merchandising concept is directed toward take-it-to-go customers in business, health-care and college accounts. The program includes four kinds of food components, menu marketing kits, training guides and employee sales incentives.

Canteen Corp. has developed a marketing program that helps its managers plan promotions, enhance cooking techniques, train better, develop and market creative food themes, and improve customer service. More on both in R&I's 400 Part II (July 25).

400: MARKETING

BIG CAMPAIGNS

Kids, Cable and Cookie Puss

oodbye, "Good times": After six years with the old slogan, McDonald's will stress "Food, folks and fun" in the '90s. ... Hardee's "Marty" campaign replaced shots of grilling burgers with emotional stories about Marty, the gruff manager. ... Subway rolled out its first national TV campaign, using the tag line, "Subway—It's My Way." ... Domino's kicked off "It's Time For Domino's Pizza," a campaign aimed at time-pressed adults. But will this have the same high visibility as the irritating but memorable Noid? ... After a two-year absence from Saturday morning TV, Burger King will spend millions on ads during children's programs in '90; McDonald's, which spent \$20 million in that daypart last year, will up spending in response. ... Pizza Hut signed a long-term marketing deal with Nickelodeon cable, while Domino's and Showtime are cross-merchandising discounts on pizzas and cable subscriptions. ... CEOs go Hollywood: Herman Cain did stand-up shtick for Godfather's Pizza, while Wendy's founder Dave Thomas lent a down-home touch to ads for the Super Value menu. ... Two publicity perennials hung up their pitching spikes this year. Ice-cream maker Carvel traded Tom Carvel's ground-glass rasp for a \$6 million campaign of Hal Riney spots that sell the Carvel experience rather than Cookie Puss. And Leona Helmsley has abdicated from that hotel chain's latest print ads while appealing her conviction for federal income tax fraud.

SPOTLIGHT

The Return of the King

ork goes on to build the menus and rebuild the service, but marketing has also figured largely in Burger King's comeback bid this year. The chain had to cut short an



Ninja Turtles helped Burger King catch the kids.

COMPETITION

Fast Feuds

lame it on the tightening quick-service market, or maybe on the high cost of TV time. Whatever the reason, ad competition among the big chains sometimes took on the finesse of a street brawl this past year.

Arby's and Kentucky Fried Chicken both aired commercials that put a very familiar figure in compromising positions. One showed a dispirited clown eating a roast beef sandwich in his dressing room. The KFC ad had a red-haired "Mr. McDonald" play with toys as he testified before a hostile Senate committee. That ad, one of a series in KFC's "Project M," a concerted assault on McDonald's lunch and snack-time chicken trade, was rejected by CBS as "denigrating" to McDonald's.

Meanwhile, Chick-fil-A

ambitious flight of image ads in December '89. But after initial franchisee resistance, the ads—split in May '89 between D'Arcy Masius Benton & Bowles and Saatchi & Saatchi—seem to be catching on.

The chain has chosen to target two groups: teens and kids. New burger "Doubles" hark back to the customized "Have It Your Way" era, but their appeal to adolescents is still unproven.

BK has undoubtedly broken McDonald's hold on the kids' market, however. BK Kids' Club, launched in January '90, has signed more than a million members; and *Teenage Mutant Ninja Turtles* and *Beetlejuice* tie-ins brought solid sales gains. This summer the two go toe to toe—McD's \$40 million *Dick Tracy* promo versus BK giveaways with bratty Bart Simpson.

took exception to Wendy's televised claim to have the "best chicken sandwiches in the business." The Atlanta-based chain, which says it originated the chicken sandwich three decades ago, charged that the claim was false advertising and demanded the ads be pulled or revised to specify "best in the hamburger business." No action was taken before the ads ended their flight.

Finally, Pizza Hut went after McDonald's pizza tests with an ad showing a hockey-puck pizza and advising customers to "Make No McStake" about which chain used fresh-made dough.



SPENDING

TOP 10 TV AD BUDGETS

Restaurants spend \$22.2 million weekly on TV ads, trailing only car makers and retailers.

1. McDonald's	\$8,104.5K
2. Burger King	3,070.3
3. Kentucky Fried Chicken	2,244.9
4. Wendy's	1,760.3
5. Pizza Hut	1,752.6
6. Domino's	1,130.0
7. Taco Bell	1,129.8
8. Hardee's	744.6
9. Long John Silver's	512.5
10. Arby's	455.6

Data: Adweek Marketing Week, March 5, 1990 (average weekly figures for 1989)

TRAFFIC BOOSTS

The Discount Defense

veryone hates it; almost everyone did it. The biggest chains picked up the discounting pace in '89-'90, starting at the top. McDonald's, usually the leading opponent to cents-off promos, began discounting last summer to combat a surprising drop in hot-weather traffic. The "Blast Back With Mac" coupons offered rebates on customers' next visit.

Then came last fall's roll-out of Wendy's Super Value menu, with a range of 99-cent "Biggie" burgers, salads and shakes. Burger King cut short a flight of new "image" ads to run a 99-cent promotion blitz of its own (supposedly planned before the arrival of Marketing Vice President Gary Langstaff). KFC followed suit last February after poor fourth-quarter sales.

Discounts don't always erode earnings. Taco Bell made permanent its 49-cent tacos and 59-cent burritos, two items that account for about half of the chain's total sales. Why not? Even with the price cuts, sales rose 30.6%.

400: RANKING

400

RULES OF THE RANKING

R&I presents the 26th annual 400 ranking—the most authoritative list of its kind in the foodservice industry.

Under a system begun last year, the 400 breaks out concepts individually instead of putting them under the umbrella of a parent company. This allows the list to track the growth of "name brands" like Pizza Hut and Ruby Tuesday rather than simply reporting on PepsiCo or Morrison as a whole. Parent companies as of press time are named in the chart copy.

Since franchisees' sales and units are included in their franchisors' system-wide totals, *R&I* does not list them in the 400. Nor are purchasing groups considered part of the rank, since they buy food for resale to 400 members.

To compile the 400, editors request foodservice sales figures either for calendar '89 or for a fiscal year ending after June '89 and before July '90. Sales and unit figures include all stores in a system, company-owned and franchised, domestic and foreign. They do not include licensing fees, royalties or revenue from distribution or equipment divisions. To the extent possible, unit figures given are for the same time span used in the sales data.

Institutions commonly sell food at a lower markup than

commercial operators. In these cases, editors request total food purchases for '89 (or projected purchases into '90) and apply a multiplier of 2.8 to arrive at a commercial sales equivalent (indicated by a dagger† in the charts). The 2.8 factor translates into a food cost of about 35.5%—midway between fast-food and full-service restaurants.

Where companies cannot (or will not) break out sales and units for individual concepts, *R&I* editors estimate those figures with the aid of outside resources. All figures marked with one asterisk (*) are *R&I* estimates. Figures followed by two asterisks (**) are estimates or projections by the companies themselves.

As in all financial documents, footnotes are important to the 400. The notation (A) indicates that a company's sales, units or rank cannot legitimately be compared to last year's figures. This might occur when a multiconcept company reorganizes its divisions. Of course, many newcomers to the list have no past 400 data to compare to this year's figures. However, *R&I* tracked a handful of organizations for several years before they broke into the ranking as new members; in these

cases, their '88 numbers are given and the growth comparisons made.

A footnote (B) indicates that a company has used a new method of reporting that makes comparisons impossible, such as a switch from a calendar to a fiscal year. Footnote (C) indicates that a company has estimated its franchisees' sales, while (R) indicates a revision in a figure published in last year's 400—usually because a company has replaced an estimate with hard numbers.

All sales totals are given in millions. The abbreviations MM and K in copy denote millions and thousands respectively. AUV stands for average unit (sales) volume; this number is an average of systemwide store sales figured annually, unless otherwise noted. Fy stands for fiscal year, PC for parent company.

Companies that merged during 1989 are listed separately in the ranking if they were independent for more than half the year. Where two or more companies supplied the same sales figures, actual numbers take priority over company estimates, which in turn precede *R&I* estimates. Companies still tied after these determinants are listed in alphabetical order.

& RESTAURANTS INSTITUTIONS

1

McDonald's Corp.
Oak Brook, Ill.
Franchisor (fast food/hamburgers)

17,333.4
(16,100.0)

7.7

11,162
(10,513)

6.2

Co. turns up heat on all burners—promos, menu innovations, discounts. McPizza a go; other steps to build p.m. business under study. Big growth to happen overseas with new units in Moscow, E. Europe. AUV \$1.6MM.

2

Burger King Corp.
Miami, Fla.
Franchisor (fast food/hamburgers)

5,700.0**
(5,400.0)

5.6

6,051
(5,793)

4.5

BK Broiler and Kids Club going strong; Bart Simpson to break rules in co.'s new campaign. '89 sales estimate reflects transitional "stub yr" during conversion to new fy.) AUV \$1MM. PC: Grand Metropolitan PLC. Fy end 9/89.

3

Kentucky Fried Chicken
Louisville, Ky.
Franchisor (fast food/chicken)

5,310.0
(5,000.0)

6.2

7,945
(7,761)

2.4

"Hot Wings" promo flew so well co. ran out of product. Meanwhile, tests of non-fried products continue. 3,000th unit opened abroad. Kyle Craig is new pres of KFC USA. Domestic AUV \$607K. PC: PepsiCo.

4

Pizza Hut
Wichita, Kan.
Franchisor (fast food/pizza)

4,090.5*
(3,390.0)

20.7

7,410
(6,662)

11.2

Pizza giant will focus on delivery/carryout, mall units, kiosks in airports, schools and hospitals, plus "Lover's" line extension. In '90, still more delivery, remodeling program, lunch focus. AUV \$570K. PC: PepsiCo.

5

Marriott Food & Services Management
Washington, D.C.
Contract management

3,965.0†*
(3,353.4†*)

18.2

2,390**
(2,300*)

3.9

Acquired Corporate Food Services, upscale N.Y.-based B&I contract feeder, and Sogsabec Ltd., French-Canadian fs firm. Expanding in child care, c-stores, maintenance. Joint venture for fs in Japan. PC: Marriott Corp.

6

Wendy's International Inc.
Dublin, Ohio
Franchisor (fast food/hamburgers)

3,036.0
(2,902.0)

4.6

3,755
(3,762)

-0.2

Dave Thomas ads a hit, but reviews of co. performance mixed. Permanent Super Value menu showcases 99-cent small items, Biggie fries and drinks. "Dave's Deluxe" burger rolled 5/90. Bob Barney departed. AUV \$789K.

7

Hardee's Inc.
Rocky Mount, N.C.
Franchisor (fast food/hamburgers)

2,921.3*
(2,733.3*)

6.9

3,231
(3,100)

4.2

Conversion of 648 Marriott Roy Rogers to take chain into NE and perhaps higher on '91 400. Meanwhile, cost-cutting, grilled chicken sandwich, return of Big Twin double burger aid bottom line. AUV \$923K. PC: Imasco USA.

8

USDA Food & Nutrition Services
Washington, D.C.
Institutions

2,757.9†
(3,035.8†)

-9.2

91,493
(89,791)

1.9

Decrease in dairy supports means less production and fewer commodities (\$300MM less since '87) to buy and pass on to schools. Lingering effects from '88 drought also hurting produce availability. Fy end 9/89.

9

Domino's Pizza Inc.
Ann Arbor, Mich.
Franchisor (fast food/pizza)

2,500.0
(2,300.0)

8.7

5,220
(4,943)

5.6

Country's second-largest pizza chain is for sale, but no takers. Founder/Chmn Tom Monaghan says junk-bond collapse rules out sale to employees. Corp. staff cut by 100+; David Black took presidency fall '89. AUV \$468K.

10

ARA Services Inc.
Philadelphia, Pa.
Contract management

2,500.0
(2,350.0)

6.4

2,600
(2,500)

4.0

Classic Fare, off-premise catering program, to become in-house program available to all account segments. Strong overseas expansion; 200 accounts now in Japan. Europe, esp. Eastern bloc, next major target. Fy end 9/90.

*RAI estimate; **company est.; †commercial equivalent; (A) no comparison with '89 data possible; (B) adjusted method in reporting figures; (C) franchisee sales est.; (R) revised.

400: RANKING

		1989 Sales (\$ mil.)	% Change	1990 Sales (\$ mil.)	% Change	
11	Dairy Queen Bloomington, Minn. Franchisor (fast food/sweets)	2,179.0 (2,067.0)	5.4	5,206 (5,122)	1.6	Soft-serve queen celebrated 50th yr with yogurt intro, ongoing program of low-interest remodel loans. Texas franchisee to open units in Italy, Spain and Portugal. PC: International Dairy Queen Inc.
12	Taco Bell Irvine, Calif. Franchisor (fast food/Mexican)	2,129.5* (1,630.0)	30.6	3,125 (2,930)	6.7	Sales jump impressive in light of deep (and permanent) discounts. '89's Batman promo hiked traffic 45%; operational changes cut avg service time at peak hrs by up to 70%. Domestic AUV \$686. PC: PepsiCo.
13	The Sheraton Corp. Boston, Mass. Lodging	1,557.7 (1,600.0)	-2.6	1,718 (1,750)	-1.8	In '89, co. signed joint venture with USSR to own and operate 2 Moscow hotels and opened 1st Sheraton Suites property. In '90, co. to focus on E. Europe and open 3 more domestic all-suites.
14	U.S. Army Center of Excellence, Subsistence Fort Lee, Va. Military	1,386.0† (1,332.8†)	4.0	936 (995)	-5.9	New name reflects merging of Quartermaster (operates mess halls) and Troop Support Agency (trains fs personnel). Finalizing plans for own fast-food concept, which can be placed inside dining halls. Fy end 9/89.
15	Canteen Co. Chicago, Ill. Contract management	1,369.9 (1,288.8)	6.3	1,972 (1,883)	4.7	Co. cut overhead for \$10MM savings in '89. Introduced major new mktg program; promos, signage, recipes included. Brand concepts going strong but business div. sales down slightly from '88. PC: TW Holdings.
16	Red Lobster Orlando, Fla. Full service (seafood)	1,360.0** (1,300.0**)	4.6	461** (512)	-10.0	In '90, to add most units (38) in 15 yrs, mostly in Calif. and small communities. "Phone Ahead" program helped raise AUV to \$2.97MM. New decor, uniforms this fall. PC: General Mills Restaurants Inc. Fy end 5/90.
17	Marriott Lodging Division Washington, D.C. Lodging	1,303.6* (1,218.3*)	7.0	662* (585*)	13.2	Chmn J.W. Marriott Jr. underwent bypass surgery in '89; key exec John Dasburg resigned; co. selling off restaurant chains. In '90, 1st quarter lodging sales were up 12% over same period '89.
18	Arby's Inc. Atlanta, Ga. Franchisor (fast food/sandwiches)	1,300.0 (1,160.0)	12.1	2,247 (2,049)	9.7	Amid exec-level turmoil, stores test computerized order systems and credit cards. Aggressive product development, promos, new menu boards and bldg. designs. Improving field services to franchisees. PC: DWG Corp.
19	Denny's Inc. La Mirada, Calif. Franchisor (full service/family dining)	1,284.0 (1,300.0)	-1.2	1,342 (1,299)	3.3	Lunchtime Express is traffic builder, but Corwin Sisters ads took flak from seniors. \$3.5MM facelift for 23 co. units in Orlando—top market with 11% of chain's revenues. Co. to trim menu by 25%. AUV \$1.1MM. PC: TW Holdings.
20	Little Caesars Pizza Detroit, Mich. Franchisor (fast food/pizza)	1,130.0 (908.0)	24.4	2,700 (2,180)	23.9	Domino's neighbor looking for another good yr with 600 new units planned. Co. still mulling over fate of Mother's, the Canadian chain it picked up in '89. Sold New York metro area franchise rights to Riese New York.

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RESTAURANTS & INSTITUTIONS

	Company	1989 Sales (\$ mil.)	1989 EBITDA (\$ mil.)	1989 Assets (\$ mil.)	% Change	Notes
21	Service America Corp. Stamford, Conn. Contract management	1,100.0 (1,001.0**)	9.9	1,500 (2,000*)	-25.0	Steve Leipsner named CEO. Major new accounts: 5-yr. contract with Ameritech; 10-yr. contracts with Denver convention center and U. of Fla., Gainesville. Jeff Flynn, new VP human resources. Fy end 3/90
22	Hilton Hotels Corp. Beverly Hills, Calif. Lodging	1,094.0 (1,054.0)	3.8	1,213 (1,185*)	2.4	After courting buyers unsuccessfully, co. went off market; stock price dropped from last summer's \$115½ to less than half that by 3/90. Meanwhile, opened 1st Hilton Suites and limited-service CrestHil hotels.
23	Big Boy Warren, Mich. Franchisor (full service/family dining)	1,009.0 (994.0**)	1.5	924 (912)	1.3	The Big Guy launched multimedia mktg push, "More to Love at Big Boy," to spotlight expanded menus, senior diners' programs, healthful items, new uniforms, in-store bakeries with takeout counters. PC: Elias Bros.
24	Sizzler Restaurants International Los Angeles, Calif. Franchisor (full service/steakhouses)	925.0** (850.0)	8.8	652** (625)	4.3	Costly buffet rollout to pressure margins in short term, spur sales in future. Co. might speed growth by buying, converting some family-style restaurants now on market. Fy end 4/30. PC: Collins Foods Intl.
25	U.S. Navy Food Service Systems Washington, D.C. Military	904.4† (896.0†**)	0.9	691 (684)	1.0	With 507K enlisted troops, meals served are down about 1%. But food buying is up as Navy tries to add higher quality, more healthful choices, e.g., more whole-grain cereals and olive oil. Fy end 9/89.
26	Caterair International Potomac, Md. Transportation	900.0 (—)	—	100 (—)	—	New name for Marriott's In-Flite Services, jettisoned by PC in \$600MM sale to sr mgmt in '89. Ex-Marriott VP Daniel Altobello now CEO/pres. Co. serves 150MM meals to 150 airlines at 45 U.S., 38 foreign ports.
27	Dunkin' Donuts Inc. Randolph, Mass. Franchisor (fast food/sweets)	880.0 (777.8)	13.1	1,900 (1,767)	7.5	Saved from nasty takeover fight by white knight who then snapped up rival Mr. Donut; units to convert to DD if they wish. Co. debuted bagels, to appear in Marriott contract accounts. AUV \$510K. PC: Allied-Lyons PLC.
28	Holiday Inn Hotels Memphis, Tenn. Lodging	869.0** (751.3*)	15.7	2,786** (1,700)	63.9	Sold in '89 to London-based Bass PLC; Other Holiday brands spun off into Promus Corp. Expansion plans call for 90 openings per yr through '94. Intl. division expanding top-end economy Garden Court concept.
29	Hyatt Hotels Corp. Chicago, Ill. Lodging	863.9* (796.2*)	8.5	350** (320)	9.4	Co. opened 1st free-standing restaurant, Japengo, at its Hyatt Regency LaJolla property. Expansion plans call for more free-standing restaurants at other properties, as well as more all-suites.
30	Shoney's Restaurants Nashville, Tenn. Franchisor (full service/family dining)	862.4 (864.1)	-0.2	680 (636)	6.9	CEO Leonard Roberts took helm in Dec. to start aggressive franchising program. Family diner should be co.'s fastest growing concept in next few yrs; real sales increased 3.2% in '89. AUV \$1.5MM. Fy end 10/89. PC: Shoney's Inc.

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400: RANKING

Rank	Organization Headquarters	1989 sales (\$ mil.)	% change	'89 units	% change	Comments
31	Jack In The Box San Diego, Calif. Franchisor (fast food/hamburgers)	833.9 (755.0)	10.5	986 (961)	2.6	West Coast's "adult fast food" chain added double-fudge cake, ham and turkey melt sandwich. Feted debut of 1,000th store 5/90. Opened 38 units, sold 62 to franchisees. AUV \$308K. Fy end 10/89. PC: Foodmaker Inc.
32	Subway Milford, Conn. Franchisor (fast food/sandwiches)	800.0 (600.0)	33.3	4,091 (2,888)	41.7	Co. plans 1,200 new units for '90, 25th birthday yr. Rubbing DeLuca magic onto Cajun Joe's chicken chain, purchased late last year. 146 units franchised outside U.S. Meats shipped in boxes reusable for takeout.
33	Long John Silver's Seafood Shoppes Lexington, Ky. Franchisor (fast food/seafood)	783.1** (765.3)	2.3	1,490 (1,478)	0.8	DJS/Inverness selling Jerry's, Fazoli's and Florenz to concentrate on LJS. Testing 2-minute lunch guarantee. Co. plans 20 new franchises in '90, but closing 16 co. units. PC: Jerrico. Fy end 6/90.
34	7-Eleven Dallas, Texas Retail (convenience stores)	726.5** (701.0*)	3.6	7,000* (7,200)	-2.8	PC Southland hopes to sell 75% of equity to Japanese licensees for \$400MM—but first must convince bond holders that swapping \$1.8 billion in debt for co. stock beats bankruptcy. Fs 8.7% of avg store sales.
35	Ponderosa Inc. Dayton, Ohio Franchisor (full service/steakhouses)	687.0 (749.0*)	(A)	735 (718)	2.4	Bonanza buy made PC instant owner of 1,600 budget steakhouses. Both to combine ad dollars for more natl. exposure. Co. might convert or close some Bonanzas where territories overlap. PC: Metromedia Steakhouses.
36	Baskin-Robbins Ice Cream Co. Glendale, Calif. Franchisor (fast food/sweets)	676.4* (692.7*)	-2.4	3,351 (3,386)	-1.0	31-flavor fave has signed joint venture with USSR for ice cream plant by '92, to sell for rubles and hard currency. Rolled no- and low-fat frozen yogurt under tag line "More to Love Us For." PC: Allied-Lyons PLC.
37	Army & Air Force Exchange Service Dallas, Texas Military	618.2† (577.9†)	7.0	2,173 (2,102)	3.4	Expanding signature concepts such as Anthony's Pizza and Robin Hood Deli-Sub Shoppes. Co. to add chicken and sweets concepts in '90. Covers up 4% as result of increased food promos, coupons and TV ads overseas.
38	Days Inns of America Inc. Atlanta, Ga. Lodging	610.0 (370.8*)	64.5	951 (698)	36.2	Bought in '89 by Tollman-Hundley Lodging Corp, New York. Opened 28 limited-service Daystop properties. Intl. growth for various Days concepts targets Canada, Mexico, Pacific Rim, India, Europe and Hong Kong.
39	Morrison's Custom Management Mobile, Ala. Contract management	580.0** (531.0)	9.2	892 (880)	1.4	Launched Fast Takes takeout in 100% of participating accounts in May. Formed strategic planning group early '90. Biggest new contract: Mid-Atlantic Healthcare Systems. Fy end 5/90. PC: Morrison Inc.
40	Bonanza Restaurants Dallas, Texas Franchisor (full service/steakhouses)	588.0 (571.0)	3.0	575 (612)	-6.0	Jeff Rogers leaves, Michael Jenkins is new pres following Ponderosa merger. '90 to see new higher-quality, higher-priced entrees and more retail-oriented advertising. PC: Metromedia Steakhouses.

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400: RANKING

Rank	Company	'89 sales (\$ mil.)	% change '88-'89	'89 units	% change '88-'89	Comments
41	Friendly Ice Cream Corp. Wilbraham, Mass. Full service (family dining)	560.0** (564.0)	-0.7	820 (848)	-3.3	Units friendlier after scheduled '90 upgrade. '89 brought new melt sandwich line and expanded breakfast menu. Successful \$1.99 Kids Meal Deal baseball-card premium added. PC: Tennessee Restaurant Co.
42	Westin Hotels and Resorts Seattle, Wash. Lodging	541.1* (489.3**)	10.6	495 ^a (261*)	89.7	Chieko Aoki, wife of Pres John Aoki, resigned as CEO shortly after being named in '89; 23-yr. co. veteran Larry Magnan filled the spot. Plans continue to double co. size to 130 properties by '97. PC: Aoki Corp.
43	Church's Chicken Inc. Jefferson, La. Franchisor (fast food/chicken)	530.0 (559.3)	-5.2	1,111 (1,481)	-25.0	Over 300 units closed in '90. Many co. stores to be sold to new and existing franchisees to help pay down debt due to A. Copeland Ent. debt financing incurred in March '89 acquisition. PC: A. Copeland Ent. Inc.
44	Popeyes Famous Fried Chicken Jefferson, La. Franchisor (fast food/chicken)	525.0 (485.0)	8.2	739 (715)	3.4	Revenues for '89 exceeded any previous yr. Unit growth came from Church's conversions and intl. expansion. Super Popeyes, with 110 seats, might be key to future growth. AUV \$710K. PC: A. Copeland Ent. Inc.
45	Carl's Jr. Anaheim, Calif. Franchisor (fast food/hamburgers)	510.0** (480.0)	6.2	541 (477)	13.4	ATM card system spreading. Co. rolled 1st finger food and low-cal menu; to add roast beef sandwich in '90. To sell 40 Ariz. units, franchise in Pacific Rim. AUV \$1.1MM. PC: Carl Karcher Ent.
46	Walt Disney World Co. Lake Buena Vista, Fla. Recreation	490.0 (382.0)	28.3	206 (179 ^a)	15.1	MGM Studios got rave reviews. Co. stalks adults with Pleasure Island, conventioners with Swan and Dolphin Hotels, Beach and Yacht Club. Some Disney Stores serve healthful food in Mickey's Kitchen. Fy end 9/89.
47	Inter-Continental Hotels Corp. Montvale, N.J. Lodging	475.0 (420.0**)	13.1	424** (424**)	—	After buying co. in '88, Seibu/Saison Group, Tokyo, sold 40% stake to Scandinavian Airlines in '89. Expansion plans target Japan, Indonesia, Argentina, Morocco and Canada. Renovated Chicago property debuted this yr.
48	Western Sizzlin Inc. Dallas, Texas Franchisor (full service/steakhouses)	465.0 (450.0)	3.3	515 (550)	-6.4	Closed 52 units in '89 and opened only 24 after mgmt buyout, but new look announced by Frank Carney to show up in 45 new units. Standardized menu was big thrust in '89. AUV \$919K. PC: Triton Group Ltd./Intermark Inc.
49	Bennigan's Restaurants Dallas, Texas Full service (dinner houses)	459.0 (458.1)	0.2	223 (222)	0.5	Spun off by Grand Metropolitan PLC, original "fern bar" opened 10 units '89; plans 1 in '90, none in '91. "Escape to Bennigan's" campaign in phase 2. AUV up 1% to \$367K. PC: DJS/Inverness. Fy end 6/90.
50	Ogden Allied Services Corp. New York, N.Y. Contract management	445.0** (425.0)	4.7	1,800 (1,725)	4.3	Remote-site feeder targeting airports. Since acquisition of Northmount Services, Vancouver, in '89, co. is largest of its kind in North America, but PC Ogden Corp. reportedly considering a spin-off.

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400: RANKING

51	Dobbs International Services Memphis, Tenn. Transportation	442.1†* (421.9†*)	4.8	51 (48)	6.2	Airline caterer improving training, with leadership skills program for 300 top mgrs. Employee participation program garnered 6,000 system improvement ideas. PC: Greyhound Corp.
52	The Olive Garden Orlando, Fla. Full service (Italian)	440.0** (300.0)	46.7	145 (134)	8.2	Co. ups sales 4% with "Carnival of Venice." Plans regional promos, 55 new stores and more off-premise catering. AUV \$2.6MM. FY end 5/90. PC: General Mills Restaurants.
53	Golden Corral Corp. Raleigh, N.C. Franchisor (full service/steakhouses)	431.4 (456.0)	-5.4	494 (502)	-1.6	Co. trimming units, counting on event mktg to help business. Most successful: Downhome Harvest Days. Looking at takeout, delivery. Adding regional touches to menus.
54	Chi-Chi's Inc. Louisville, Ky. Franchisor (full service/Mexican)	430.5 (422.9)	1.8	208 (192)	8.3	Debuted smaller, 6,000-sq.-ft. unit for small-town markets. Tex-Mex menu, rolled out with natl. TV ads, now 12% of sales. New retention programs. PC: Foodmaker Inc.
55	Perkins Family Restaurants L.P. Memphis, Tenn. Franchisor (full service/family dining)	423.0 (375.0)	12.8	371 (341)	8.8	Perkins percolating with 30 new units, in-store baking. New items: summer salads. Scramblin's omelets. AUV in 114 co.-owned units: \$1.3MM. PC: Tennessee Restaurant Co.
56	Sky Chefs Inc. Dallas/Fort Worth Airport, Texas Transportation	415.0† (358.5† ^B)	15.8	41 (40)	2.5	Selected to cater Trump Shuttle. Opened kitchens in Fort Lauderdale and Phoenix. Introduced Benefits Plus and Personal Choice flexible benefits package. PC: Onex Corp.
57	Quality Inns International Silver Spring, Md. Lodging	414.0 (376.0)	10.1	897 (815)	10.1	'90 growth to focus on co.'s limited service properties: Sleep Inns and Comfort Inns. Should add total of 175 new properties worldwide this yr. PC: Quality International.
58	Sonic Drive-Ins Oklahoma City, Okla. Franchisor (fast food/hamburgers)	410.0 (356.0)	15.2	1,011 (980)	3.2	Small-town specialist ran Brown Bag, Triple Feature combos. New units have drive-thru windows. Ex-BK CEO Charles Olcott to build 300 Fla. franchised units. AUV \$400K.
59	TGI Friday's Inc. Dallas, Texas Franchisor (full service/dinner houses)	400.6 (373.0)	7.4	145 (136)	6.6	Planning growth through franchising, sold 10 co.-owned stores to franchisees. UK franchisee opened 1st unit in Germany; 10 slated in Canada. AUV \$3.3MM. PC: Carlson Cos.
60	Roy Rogers Washington, D.C. Franchisor (fast food/sandwiches)	400.0* (630.2*)	-36.5	638* (607)	5.1	Hardee's parent bought chain from Marriott for \$365MM. Insistent franchisees can keep Rogers name; but most units to be calling only their chicken Roy's. PC: Imasco USA.
61	Captain D's Restaurants Nashville, Tenn. Full service (seafood)	392.0 (374.3)	4.7	607 (588)	3.2	Co. store sales up 5.4%; real sales up 3%. Like co.'s other concepts, increased franchising under growth guru Len Roberts. 19-unit gain in '89; to open 29 in '90. PC: Shoney's Inc.
62	United Airlines Elk Grove Village, Ill. Transportation	383.2† (367.3†)	4.3	14 (15)	-6.7	Environmentally friendly skies: On-board recycling goes over big in Denver, but hampered by lack of space. Co. using reusable plastic salad and dessert bowls in coach.
63	El Torito Restaurants Inc. Irvine, Calif. Full service (Mexican)	379.0 (390.0)	-2.8	180 (179)	0.6	Matador Mike Casey brings in new healthful menu, vegetable-oil cooking; 4 \$7.95 combo dinners are best sellers. Tortillas made on-site. AUV \$2.3MM. PC: Restaurant Ent.
64	The Sailer Corp. Waltham, Mass. Contract management	376.1†* (204.8*)	83.6	487 (400)	21.8	Mktg push is on: Cuisine to Go, Slices Plus pizza, Party Platters and Combos combination meals. Set up career development program to boost retention. PC: Sodexo.

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400: RANKING

Rank	Company	1989 Sales (\$ mil.)	% Change	1989 Units	% Change	Notes
65	Chili's Inc. Dallas, Texas Franchisor (full service/dinner houses)	371.3* (350.0**)	5.1	194* (183)	6.0	Plans 44 units fy '90; added 35 units in '89. Co. to expand 6-unit Grady's chain (now Regas Grill) and 1-unit Macaroni Grill in Midwest and SW. AUV \$2MM. Fy end 6/90.
66	Morrison Family Dining Div. Mobile, Ala. Cafeterias	368.0** (323.0)	13.9	175 (170)	2.9	Building 7 free-standing units and reorganizing mgmt structure in large divisions. 6 units to open in '90. AUV \$1.87MM; avg check \$4.74. Fy end 5/90. PC: Morrison Inc.
67	International House of Pancakes Restaurants N. Hollywood, Calif. Franchisor (full service)	359.0 (315.8)	13.7	480 (437)	9.8	To bolster image as 3-daypart restaurant, co. commits to dinner business, seniors' and children's programs. Remodeling pays off in \$747K AUV. Hot new idea: hot syrup.
68	U.S. Air Force Clubs Branch Randolph AFB, Texas Military	355.7† (337.4†)	5.4	400** (270)	48.1	Clubs becoming more business-oriented, increasing emphasis on improved bottom line, but also stressing food quality, customer service. "Recruiting" membership. Fy end 9/89.
69	Rax Restaurants Inc. Columbus, Ohio Franchisor (fast food/sandwiches)	334.6 (366.7**)	-8.8	492 (521)	-5.6	Welcome Ira Hermann, formerly of Arby's, as new pres/CEO. Menu redirected to focus on trademark: roast beef sandwiches. Price/value enhancement is next concern. Fy end 7/90.
70	K mart Corp. Troy, Mich. Retail	328.0 (342.6)	-4.3	1,737 (1,621)	7.2	Co. sold 100+ Kreskes to McCrory's; will speed plans to surpass Wal-Mart. 120 new stores and 500 remodels to get new fs facilities by '94. Testing in-store Little Caesars.
71	Radisson Hotel Corp. Minneapolis, Minn. Lodging	325.0 (268.0)	21.3	360 (340)	5.9	As tie-in to new Pierre Radisson Inn concept, co. debuts a concept restaurant, Brasserie. Sited only in hotels, chain should draw large lunch business from local community.
72	Piccadilly Cafeterias Inc. Baton Rouge, La. Cafeterias	320.0** (241.7*)	32.4	145 (132)	9.8	"Build Yourself a Healthy Meal" program targets different population group each month. Co. reports 3% traffic increase in '89. Plans to open 6-8 new cafeterias in '90.
73	Bob Evans Farms Inc. Columbus, Ohio Full service (family dining)	310.0 (290.0)	6.9	232 (223)	4.0	Co. building p.m. business with 7 meals under \$5, other promos similar to 2/89 breakfast push. Added new mgmt incentives, now testing credit cards. AUV \$1.4MM. Fy end 4/90.
74	TCBY Enterprises Little Rock, Ark. Franchisor (fast food/sweets)	303.0 (210.0)	44.3	1,627 (1,175)	38.5	Yogurt star still a growth supernova, jumping to Japan in mid-'90. Co.'s 1st natl. TV ad flight, Nickelodeon cable deal make for big mktg push in '90. AUV \$232K. Fy end 11/89.
75	Whataburger Inc. Corpus Christi, Texas Franchisor (fast food/hamburgers)	301.0 (260.5*)	7.3	438 (415*)	5.5	Net 16-unit growth in '89, might double that in '90. Plans systemwide rollout of biscuits, blueberry and bran muffins; testing credit cards, home delivery. AUV \$687K.
76	Pizza Inns St. Louis, Mo. Franchisor (full service/pizza)	300.0** (325.0**)	-7.7	685 (666)	2.9	High-profile purchase by Pantera's 2 yrs ago lands co. in Ch. 11: Spotlight on new CEO Jeff Rogers, who rebuilt Bonanza chain. Co. sold 135 stores to franchisees in '89. AUV \$400K.
77	U.S. Air Force Engineering and Services Ctr. Tyndall AFB, Fla. Military	295.4† (298.0†)	-1.1	615 (597)	3.0	More consolidation as Air Force plans to close 16 serving locations this yr. Customer service remains top priority; promo planned to improve in-flight meals. Fy end 9/89.
78	Ryan's Family Steak Houses Greer, S.C. Franchisor (full service/steakhouses)	295.2 (234.0)	26.2	143 (122)	17.2	Slow growth: 14 units in '89, 16 planned in '90; some analysts say co. should downsize new units, split dessert bar off from Mega Bar. AUV \$2.2MM; \$5.25 avg check.

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400: RANKING

79	Round Table Pizza San Francisco, Calif. Franchisor (fast food/pizza)	295.0 (267.0)	10.5	551 (540)	2.0	Delivery now in 50% of stores. Off-premise customers account for 75% of sales, somewhat worrisome to RT execs. AUV \$545K. Chmn and 10-yr vet Scott Bergren left chain.
80	Luby's Cafeterias Inc. San Antonio, Texas Cafeterias	291.5 (262.0)	11.3	127 (117)	8.5	Remodeling 50% of units to add separate entrance for "Good Food to Go" takeout. Co. reports a 1% slip in customer count, plans 15 units in '90. AUV \$2.4 MM; avg check \$4.80.
81	Furr's/Bishop's Cafeterias L.P. Lubbock, Texas Cafeterias	291.0 (272.8)	6.7	156 (157)	-0.6	Wide variety on menu includes chicken fried steak to grilled seafood and more than 30 salads and vegetables prepared daily. AUV \$1.9MM; avg check \$4.59.
82	New York City Board of Education Long Island City, N.Y. Schools	282.8†** (241.6†**)	17.1	1,247 (1,238)	0.7	Meals served about same; free rose slightly. Suffered almost \$1MM loss (10.7%) in gov-donated commodities. Instituted training centers to help motivate employees.
83	National Medical Enterprises Santa Monica, Calif. Health care	280.0† (226.0†*)	23.9	658 (657)	0.2	Spinoff of Hillhaven units complete 1/90 though NME still retains interest in operations. Corp. HQ moved 12/89. Future to focus on psych and rehab facilities.
84	Waffle House Inc. Norcross, Ga. Franchisor (full service/family dining)	279.6* (262.1*)	6.7	684* (667)	2.5	Success recipe: Since 1955 private co. keeps low overhead (and prices), small no-frills units in high-traffic mostly sunbelt sites. No advertising. Open 24 hrs, 365 days.
85	White Castle System Inc. Columbus, Ohio Fast food (hamburgers)	278.4 (282.0)	-1.3	252 (237)	6.3	"Funny little burger" co. built breakfast menu in '89, added fried clams in some markets. Testing new drive-thru retrofit for its complex service lines. AUV \$1.2MM.
86	Wal-Mart Stores Bentonville, Ark. Retail	273.8* (—)	—	1,095 (—)	—	Discount chain boosts traffic at its snack bars with in-store coupons at check-out registers. Menu includes a variety of sandwiches, nachos, pretzels and desserts.
87	Ramada Hotel Group Phoenix, Ariz. Lodging	271.9* (547.3*)	-50.3	117* (790*)	-85.2	Last yr for this venerable 400 name: Co. sold lodging to Hong Kong investor and Prime Motor Inns, kept gaming; but 5/90, Prime sold 65% share in hotels to investment bank.
88	Beverly Enterprises Pasadena, Calif. Health care	268.8†* (268.8†)	—	885 (1,050)	-15.7	Cutbacks continue for health giant. 100+ units sold in '89. Current drive is to improve existing units despite plans for more sales in '90. Will move HQ to Fort Smith, Ark., 9/90.
89	Trans World Airlines Inc. New York, N.Y. Transportation	267.0† (267.0†)	—	3 (3)	—	Flat ridership, high leverage are bogeys on TWA's radar. Co. to focus on keeping its costs down—but barely managed to do so in '89. Studying unprocessed food costs carefully.
90	Chick-fil-A Inc. Atlanta, Ga. Fast food (chicken)	263.8 (232.9)	13.3	411 (390)	5.4	Co. opened 400th store last summer. New free-standing units to include drive-thru windows. Chain now battling Wendy's over "best chicken sandwich" title in ads. AUV \$660K.
91	Circle K Stores Phoenix, Ariz. Retail (convenience stores)	263.4* (263.4*)	—	4,674 (4,600)	1.6	Things not so OK at the "K" corral: Pinched by supermarkets and oil co. mini-stores, co. filed for Chapter 11 after saying adios to CEO Karl Eller, leader of phenomenal '80s growth.
92	Quincy's Family Steakhouses Spartanburg, S.C. Full service (steakhouses)	263.3 (251.0)	4.9	213 (211)	0.9	Expansion in some locations to make room for Country Sidebar, 80-item buffet bringing in 42% of sales. New weekend breakfast bar. AUV increased 5.8% to \$1.25MM.

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RESTAURANTS & INSTITUTIONS

93	The Ground Round Inc. So. Weymouth, Mass. Franchisor (full service/dinner houses)	262.7 (209.0)	25.7	196 (215)	-8.0	Sale by former parent Hanson Group USA frees chain to grow under new CEO Michael O'Donnell: 100 units planned in next 5 yrs. AUV \$1.5MM. PC: International Protein Corp.
94	Tony Roma's—A Place for Ribs Dallas, Texas Franchisor (full service/barbecue)	260.0* (206.5**)	25.9	133 (118)	12.7	Brisk growth continues for co. boasting 20%+ rate over past 4 yrs. 30 units to open in '90. AUV \$2.2MM, including \$375K beverage alcohol. Fy end 2/24. PC: Roma Corp.
95	Veterans Administration Washington, D.C. Military	258.2† (258.2†)	—	172 (172)	—	No. of meals served is down slightly, but total fs costs per day (with labor) are up 90 cents to \$17.01. Avg food cost per meal is \$1.28, only 22.5% of total. Fy end 9/89.
96	U.S. Marine Corps Washington, D.C. Military	252.2† (240.0†**)	5.1	107 (107)	—	Goal for '90 is computerization of all paperwork. Still modernizing facilities. Marines boosting traffic with flexible meal hrs, enhanced takeout menus. Fy end 9/89.
97	Hyatt International Corp. Chicago, Ill. Lodging	242.0 (206.3)	17.3	221** (207*)	6.8	New hotels in '90 to open in England, Spain, Yugoslavia, Australia, China and Taiwan. Plans for '91 expansion target Thailand and three sites throughout Indonesia.
98	California Dept. of Corrections Sacramento, Calif. Institutions	240.0† (224.0†**)	7.1	202 (149)	35.6	Added 2 prisons, boosting population to 84,000. Expanded cook-chill system, issued fs handbooks to staff in '89. Dept. to add 1 prison and computerize food program in '90.
99	Marie Callender Pie Shops Inc. Orange, Calif. Franchisor (full service/family dining)	239.0 (226.0)	5.8	159 (152)	4.6	Good calendar yr: New senior mgmt, employee training program. Co. changed ad agency, created product dept. to standardize and innovate. Some units testing \$3.99 take-home pies.
100	Marriott Family Restaurants Washington, D.C. Full service (family dining)	229.0* (A)	(A)	215 (A)	(A)	Adieu Allie's: Sales of San Diego prototype never equaled. Co. to sell all restaurants on 18-mo. timetable, stay with higher-growth lodging and contracting. PC: Marriott Corp.
101	Stouffer Hotel Co. Solon, Ohio Lodging	227.5* (178.4*)	27.5	112 (96)	16.7	Co. began 1st intl. venture this yr with addition of 7 Stouffer Presidente hotels in Mexico. Domestic plans call for Chicago ('91) and Atlanta ('92). PC: Nestle Ent.
102	Village Inn Restaurants Denver, Col. Franchisor (full service/family dining)	227.3 (233.0)	-2.4	232 (272)	-14.7	Closed 32 units; expansion on hold in '90. Mktg new menu items to boost check averages, traffic. Offers discounts to seniors. PC: VICORP Restaurants Inc. Fy end 10/89.
103	Harry M. Stevens Inc. Cranbury, N.J. Contract management	225.0 (200.0)	12.5	40 (40)	—	Stadiums and arenas are growth areas. Very concerned with improving image of concession fs; adding more fresh menu items and developing service-oriented training.
104	Godfather's Pizza Inc. Omaha, Neb. Franchisor (fast food/pizza)	225.0** (231.0)	-2.6	507 (534)	-5.1	All's going gangbusters for Pillsbury spinoff: AUV \$438K and avg check hovers around \$10. Chain beefing up product line with meatball, other specialty pizzas. Fy end 5/90.
105	Bakers Square Matteson, Ill. Full service (family dining)	221.0 (189.4**)	16.7	161 (152)	5.9	Added 9 stores in '89. Recent Bakersfield, Calif., remodel led to 50% sales jump. 15% unit growth in Midwest likely by end fy '91. PC: VICORP Restaurants. Fy end 10/89.
106	Daka Food Service Wakefield, Mass. Contract management	220.0 (159.0*)	38.4	283 (337)	-16.0	Health care shows best growth potential. Will continue assimilating Fuddruckers chain with "Fuddruckers Day" joint promos. Fy end 6/89. PC: Daka International.

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400: RANKING

107	ServiceMaster Co. Downers Grove, Ill. Contract management	219.0 (200.0)	9.5	273 (260)	5.0	Co. forecasts continued strong growth in all markets, with health-care focus. New retail program for cash operations includes coordinated menus, recipes, food-court signage.
108	Del Taco Inc. Costa Mesa, Calif. Franchisor (fast food/Mexican)	216.0* (226.9*)	-4.8	350 (370)	-5.4	LBO by mgmt principals a done deal 1/3/90. Co. now improving price/value with 59-cent items and speeding service to defend against segment leader Taco Bell.
109	Steak 'n Ale Dallas, Texas Full service (steakhouses)	215.0 (225.0**)	-4.4	159 (159)	—	Opened no units in '89, plan none in '90. As with Benningan's, PC DJS/Inverness to focus on keeping core businesses' health and position for going into growth mode in '91.
110	Shakey's Inc. So. San Francisco, Calif. Franchisor (full service/pizza)	202.5 (260.8*)	-22.4	371 (405)	-8.4	Purchase by Singapore firm doesn't rattle Shakey's: Mgmt stayed except for pres, where ex-Skipper's CEO Gene Stone replaced Gary Brown. AUV \$546K. PC: Inno-Pacific.
111	Restaura Dining Services Phoenix, Ariz. Contract management	200.0 (—)	—	300 (—)	—	10% net gain in managed volume in '89. Introduced computerized menu mgmt system. Added "Wellness" menu line and employee incentive programs. PC: Greyhound Dial.
112	A&W Restaurants Inc. Livonia, Mich. Franchisor (fast food/sandwiches)	199.2 (164.5)	21.1	668 (530)	26.0	Despite new 1,700-sq.-ft. prototype unit, co. prefers to convert for growth. 10 stores planned in Asia, 30 in U.S. in '90. New children's book and audio promos breaking soon.
113	Sbarro Inc. Commack, N.Y. Franchisor (full service/Italian)	196.0 (154.0)	27.3	384 (328)	17.1	Italian cafeteria concept broaches intl. growth—Trusthouse Forte to open Sbarros in England. 2 freestanding units open in Puerto Rico. AUV \$550K; avg check under \$4.
114	Bally Casino Resorts Las Vegas, Nev. Lodging	195.5* (187.6*)	4.2	29* (29*)	—	With new 800-room tower, Park Place casino in Atlantic City hopes for a spillover increase in traffic from Trump's Taj Mahal. Co.'s total profits plunged 54% to \$17.4MM in '89.
115	ShowBiz Pizza/Chuck E. Cheese Pizza Irving, Texas Franchisor (full service/pizza)	195.5 (188.9**)	3.5	257 (258)	-0.4	Co. sets stage for major remodeling program: 17 stores completed in '89, another 30 to be done this yr. 8 new stores to open this yr. AUV \$1.1MM, not including game sales.
116	Wyatt Cafeterias Inc. Dallas, Texas Cafeterias	192.0 (189.0)	1.6	121 (120)	0.8	Co. testing downsized Wyatt's Express in Texas food court; developing 66% smaller Mrs. Wyatt's for small-town markets. AUV \$1.6 MM; avg check \$4.76. Fy end 12/31.
117	Houlihan's Kansas City, Mo. Franchisor (full service/ dinner houses)	190.2 (—)	—	69 (—)	—	Co. rolls out simpler menu and "premier dinner" option—soup, salad and dessert with entree. 9 units to open in '90. AUV \$2.9MM. PC: Gilbert/Robinson. Fy end 12/89.
118	Embassy Suites Irving, Texas Lodging	190.0 (150.0)	26.7	99 (91)	8.8	Co. continues to seek F&B lease arrangements with local restaurant operators. In '90, Embassy to open 10-15 new properties, concentrating on the NE. PC: Promus Corp.
119	The Krystal Co. Chattanooga, Tenn. Fast food (hamburgers)	188.3 (178.0)	5.8	231 (232)	-0.4	58-yr-old co. franchises for 1st time via "Krystal Kwik" double-drive-thrus in small towns. "Sunriser" sandwich built breakfast sales by 25%. AUV \$812K.
120	Los Angeles Unified School District Los Angeles, Calif. Schools	186.9†* (180.8†*)	3.5	684 (588)	17.9	New dir still learning ropes, trying to regroup fs after major losses exacerbated by shrinking commodity donations. Entire school system's budget also taking a real beating.

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400: RANKING

121	Stuart Anderson's Black Angus/ Cattle Company Los Altos, Calif. Full service (steakhouses)	185.3* (176.4*)	5.0	86 (84)	2.4	Co. plans limited growth in existing markets. Ontario, Calif., unit has new lighter decor. Replaced individual salads with all-you-can-eat. PC: American Restaurant Group.
122	Grandy's Lewisville, Texas Franchisor (fast food/chicken)	181.2 (184.0)	-1.5	195 (206)	-5.3	Co. realigned depts. under operations umbrella to improve purchasing and training. 40 Dallas-area stores given fresh look for '90s. AUV \$972K. PC: American Restaurant Group.
123	Frisch's Cincinnati, Ohio Franchisor (full service/family dining)	181.0 (—)	—	170 (—)	—	Long-time "Big Boy" licensee plans 6 new units in '90; 3 underperformers to close. 8 units opened in '89; 12 co. units closed. AUV \$1.14MM; avg check \$5.41. Fy ends 6/90.
124	Specialty Restaurants Corp. Anaheim, Calif. Diverse restaurants (full service/ dinner houses)	178.5* (189.0)	-5.6	66 (74)	-10.8	Placing less emphasis on ambience, more on food, co. converted 8 lounges to banquet facilities in '89; 15 more in '90. Co. realigned into 3 regional divisions. Fy end 6/90.
125	U.S. Navy Officer's and Enlisted Club System Washington, D.C. Military	177.2† (164.0†)	8.0	318 (276)	15.2	Most govt subsidies to end in '90, so Navy is converting some clubs to banquet centers and others to all-hands family restaurants with in-house "brand names." Fy end 9/89.
126	Country Kitchen International Bloomington, Minn. Franchisor (full service/family dining)	175.4 (167.3)	4.8	254 (252)	0.8	Country's cooking: Japan to be 1st expansion beyond Canada. Deal to put 200 units in Japan, 1st 5 by end of '91. Remodeling for "residential" look. PC: Carlson Cos.
127	El Pollo Loco La Mirada, Calif. Franchisor (fast food/chicken)	175.0 (124.0)	41.1	196 (160)	22.5	SW broiled-chicken co. continues strong, with 43 new units opened in '89, 40 set for '90. Franchising put 26 stores in Fla., 13 in Japan. AUV \$1.1MM. PC: TW Holdings Inc.
128	Carvel Corp. Yonkers, N.Y. Franchisor (fast food/sweets)	175.0** (243.8*)	-28.2	700 (750)	-6.7	Founder Tom Carvel replaced by ex-KFC head Stephen Fellingham after buyout. New owners to study East Coast growth, synergy with dairy holdings. PC: Investcorp Inc.
129	The Wood Co. Allentown, Pa. Contract management	172.7 (119.4)	44.6	284 (164)	73.2	Introducing "Top Hits" menu modules with fajitas, pasta, gourmet sauté, omelets and Wellness program in '90. Surveyed 30K customers to pinpoint service bottlenecks.
130	Sportservice Corp. Buffalo, N.Y. Contract management	168.3* (153.0)	10.0	170 (150)	13.3	Sports caterer (racetracks, stadiums, parks) to serve new Chicago White Sox stadium. Working on new pizza format with Pizza Hut at St. Louis' Busch Stadium. PC: Delaware North.
131	The Ritz-Carlton Hotel Co. Atlanta, Ga. Lodging	166.1* (142.0)	17.0	42 (40)	5.0	New York, Washington, D.C., hotels getting renovations of \$35MM and \$15MM respectively. Long-range targets: Australia, England, Hong Kong. PC: W.B. Johnson Properties.
132	Ruby Tuesday Mobile, Ala. Full service (dinner houses)	166.0** (128.0)	29.7	100 (80)	25.0	Hello, Ruby Tuesday. 100th unit opened in '89 kicks off major expansion push, backed by natl. ad campaign. 38 units planned in '90. AUV \$1.7MM. PC: Morrison Inc.
133	PoFolks Inc. Nashville, Tenn. Franchisor (full service/family dining)	163.2 (155.5)	5.0	136 (149)	-8.7	Nouveau riche folks, with reorganization done, to sell new franchises in '90, add 8 units. Drive-thru results good; catering next goal. New prototype rolled out. Fy end 10/89.
134	Concession Air Corp. Buffalo, N.Y. Contract management	161.2* (155.0)	4.0	45 (45)	—	Airport accounts, including Roanoke, Va.; Newark, N.J.; and San Jose, Calif., subcontract with brand names. Portland, Ore., airport offers sushi and sake. PC: Delaware North.

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135	Mister Donut of America Minneapolis, Minn. Franchisor (fast food/sweets)	160.6 (226.0)	-28.9	558 (780)	-28.5	Co. sold by former parent Intl. Multifoods 1/90 after overcoming balky franchisees. Multifoods to continue to sell bakery ingredients. PC: Allied-Lyons PLC.
136	Western Steer Family Steakhouse Restaurants Claremont, N.C. Franchisor (full service)	160.2 (—)	—	165 (—)	—	Established chain-wide mktg fund. Plan to simplify menu, reposition food bar in '90. Most significant promo: Anniversary Sale. AUV \$974,971. Fy end 2/23. PC: WSMP Inc.
137	Omni Hotels Corp. Hampton, N.H. Lodging	159.6 (156.0)	2.3	86 (86*)	—	Started sous vide cooking in '89. Off-site catering runs high at glamor properties such as Charleston, S.C. PC: Wharf Holdings Ltd. and World International Ltd., Hong Kong.
138	Fuddruckers Inc. Wakefield, Mass. Franchisor (full service/hamburgers)	155.0 (141.0)	9.9	115 (117)	-1.7	Soups and milkshakes join menu based on fresh-ground gourmet burgers. Joint promos with daka fs accounts—"Fuddruckers Day." AUV \$1.3MM. PC: Daka International.
139	U.S. Army Community & Family Support Centers Alexandria, Va. Military	155.0† (—)	—	571 (—)	—	Subsidy cuts prompt Army to consolidate clubs to meet market demands better. Looking at in-house "brand name" pizza parlors, steakhouses. Increasing catering. Fy end 9/89.
140	Braum Ice Cream & Dairy Stores Co. Oklahoma City, Okla. Fast food (sweets)	150.4* (134.9*)	11.5	230 (215)	7.0	Expanded into 2 new states, Ark. and Mo., in '89. In process of upgrading, renovating and relocating some older units. Weekly single-item promos proven successful. AUV \$676K.
141	Brown Derby Inc. Cleveland, Ohio Franchisor (full service/dinner houses)	149.5 (148.0**)	1.0	53 (48*)	10.4	Exploring growth through franchising "more than ever before," co. focuses on Fla. markets. Opened 3 units in '89; sold 20% of total co.-owned units to franchisees.
142	Applebee's Neighborhood Grill & Bar Kansas City, Mo. Full service (dinner houses)	147.7 (—)	—	113 (—)	—	Co.'s 9/89 public offering to pay down debt from buyout from W.R. Grace, fund new construction: expects 200 units by end of '90 in new markets such as Denver and St. Louis.
143	F.W. Woolworth Co. New York, N.Y. Retail	146.9** (144.0)	2.0	755** (750)	0.7	A case of "woolies"? Sales are up 2%, but co. faces tough competition from newer Targets, Wal-Marts and K marts. Co. to open mostly scaled-down stores with no fs.
144	Red Lion Hotel Corp. Vancouver, Wash. Lodging	146.0 (140.0)	4.3	129 (127)	1.6	To increase F&B revenue, co. now training servers in up-selling, offering employee incentives; also introduced "Cub Club" kids menu. 8 new restaurants to open in '90.
145	Lee's Famous Recipe Chicken Nashville, Tenn. Franchisor (fast food/chicken)	145.3 (142.4)	2.0	282 (282)	—	Co. to grow as rapidly as other Shoney's names under Pres Len Roberts: Will add 352 new units '91-'95, all but 10 to be franchised. AUV \$601. Fy end 10/89. PC: Shoney's Inc.
146	Cracker Barrel Old Country Store Inc. Lebanon, Tenn. Full service (family dining)	141.0* (104.4*)	35.1	73* (67)	9.0	Co. rolling 15 new Barrels in fy '90, mostly near high-traffic interstates as usual. Takeout not a priority: CB customers like to take their time. Fy end 7/89.
147	Harrah's Casino Hotels Reno, Nev. Lodging	140.3 (132.5)	5.9	31 (50*)	-38.0	Co. looking to sell Lake Tahoe casino hotel and stay on with long-term mgmt contract. Laughlin property added 500-room tower and a steakhouse in '89. PC: Promus Corp.
148	Club Corp. of America Dallas, Texas Contract management	139.5 (133.0)	4.9	174 (141)	23.4	Consolidated from 5 regions to 4 to cut costs. Booming conference and private party business up 11%. New accounts: City Place, Dallas, and 410 Club, Chicago, conference centers.

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149	Caesar's World Inc. Los Angeles, Calif. Lodging	139.1 (134.2)	3.7	38 (37)	2.7	Despite 8% rise in revenues over '88, fy '89 earnings dropped 13.2% to \$66.9MM. 2-yr. \$290MM refurbishment of Atlantic City, Las Vegas casinos ends in '90. Fy end 7/31/89.
150	Papa Gino's of America Inc. Dedham, Mass. Full service (pizza)	137.0 (128.3)	6.8	217 (205)	5.9	Family-owned chain courting 1st franchisees, but no agreements signed yet. Co. plans to add delivery to 100 stores this yr. AUV \$645K. 1 unit has drive-thru. Fy end 9/89.
151	Hospital Corp. of America Nashville, Tenn. Health care	135.7†* (226.8†*)	-40.2	131 (300)	-56.3	LBO complete 3/89; bridge loan due 3/91. Efforts to sell psych units in '89 failed when employee-led buyout flopped. Few new units in '90 as focus shifts to current operations.
152	Winchell's Donut House La Mirada, Calif. Franchisor (fast food/sweets)	135.0 (144.0)	-6.2	650 (668)	-2.7	Beset with financial and legal problems since spinoff from Denny's, co. was sold to Shato Holdings Ltd. 300 Calif. units sold to Pizza Hut for conversion. PC: Shato Holdings Ltd.
153	Mr. Gatti's Inc. Austin, Texas Franchisor (fast food/pizza)	133.0 (127.0*)	4.7	303 (300**)	1.0	The Mister says no more couponing in '90. New strategy? "Best Pizza at Fairest Price." Training, incentive programs to pump up service while catering spurs growth. AUV \$400K.
154	Mazzio's Corp. Tulsa, Okla. Franchisor (full service/Italian)	132.0 (126.0)	4.8	259 (280)	-7.5	Mazzio's bucks delivery trend: Airing soaps at lunch, amateur sports-team sponsorships keep on-site sales at 70% of total. AUV \$500K+; check avg \$8.65. Fy end 7/89.
155	Chicago Board of Education, Dept. of Foodservice Chicago, Ill. Schools	131.5†* (128.0†*)	2.7	603 (587)	2.7	Orbyn W. Bryan new dir. Revising specs to include lower-fat and -cholesterol levels in meat products. Developing new recipes for commodities to reduce plate waste.
156	Chart House Restaurants Solana Beach, Calif. Full service (dinner houses)	131.4 (111.1*)	18.3	60 (60)	—	Since going public 8/89, co. has stepped up expansion pace; opened 2 units 1st-quarter '90, plans 5 more this yr. Hurricane Hugo and Calif. earthquake hurt business at 10 units.
157	The Trump Organization New York, N.Y. Lodging	129.5* (—)	—	30* (—)	—	1st 400 yr. Figures are for Trump Castle and Trump Plaza casinos and Plaza Hotel, New York. But how will new Taj Mahal do? And where will these properties be in '91?
158	Taco John's Cheyenne, Wyo. Franchisor (fast food/Mexican)	125.* (116.0)	7.8	446 (439)	1.6	Co. has new look for units, plans for aggressive development and promos. Evaluating credit cards, running career-development training with cash incentives.
159	Doubletree Hotels Phoenix, Ariz. Lodging	124.9* (105.0)	19.0	100 (90)	11.1	Co. continues to tailor F&B to hotel's regional tastes. This fall Colo. Springs property to offer Judge Baldwin's microbrewery. Co.-wide catering sales program in works.
160	Red Robin International Irvine, Calif. Franchisor (full service/dinner houses)	124.0 (100.3)	23.6	58 (47)	23.4	Contrary to standard Japanese practice, Tokyo-based PC Skylark Co. Ltd. replaced home-office pres with veteran fs exec Bill Miller. Plans 25 units in '90. AUV \$2.1MM.
161	Trusthouse Forte Food Services Inc. Trumbull, Conn. Contract management	124.0 (107.0 ^h)	15.9	505 (398)	26.9	Acquired Creative Gourmets, upscale contractor, in '89. Launched Signature Series in-house menu branding program, nutrition menu line. AUV \$400K. PC: Trusthouse Forte PLC.
162	Mrs. Fields Inc. Park City, Utah Franchisor (fast food/sweets)	123.2* (160.0)	-23.0	525 (650)	-19.2	Marriott to share the cookie pie, with 60 units in airports and travel plazas. Co. has 25 Mrs. Fields-Boulangerie combo units, testing branded chocolate chips in supermarkets.

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400: RANKING

163	Carrow's Restaurants Inc. Santa Barbara, Calif. Full service (family dining)	122.0 (—)	—	106 (—)	—	Remodeling units to "tradition" theme, testing takeout in microwaveable containers. "Power Breakfast" promo increasing weekday traffic. PC: Restaurant Ent. Group.
164	Kettle Restaurants Inc. Houston, Texas Franchisor (full service/family dining)	122.0 (123.2)	-1.0	188 (201)	-6.5	Big '89 news was mgmt buyout. 10-minute lunch express boosted lunch traffic, sales. Four Deuces best breakfast item/promo. '90 to bring 14 new units, new menu. Fy end 11/89.
165	International Blimpie New York, N.Y. Franchisor (fast food/sandwiches)	120.0 (110.0**)	9.1	350 (375)	-6.7	Blimpie Lites line going strong. Next: Fresherie gourmet salad concept for malls. Plans sale of Border Cafes in New York. 75 Blimpies to open in '90. PC: Astor Restaurant Group.
166	Navy Resale and Services Support Staten Island, N.Y. Military	117.6† (114.2†)	3.0	569 (581)	-2.1	Realigning mgmt infrastructure, adding regional fs mgrs. Continuing emphasis on training, customer service. Experimenting with fast-food prototypes. Fy end 1/90.
167	Old Country Buffets Eden Prairie, Minn. Cafeterias	115.4 (79.8 ^c)	44.6	78 (60)	30.0	Expansion plans: 20 units expected in '90. Testing replacing single serving line with "scatter bar" concept: 33% volume increase reported in 2 test stores.
168	El Chico Corp. Dallas, Texas Franchisor (full service/Mexican)	112.0 (110.0)	1.8	90 (98)	-8.2	No major changes here—co. wants controlled growth, mainly from franchise sector. Goal: to open 15-18 stores in SE and Midwest by mid '92. Units are magnets for baby boomers.
169	Tastee Freez Utica, N.Y. Franchisor (fast food/sweets)	112.0 (151.2)	-25.9	368 (512)	-28.1	Tough yr for Tastee. 40-yr-old treat co. closed 172 marginal stores through non-renewal, will try to hold the line with existing stores in '90. AUV \$312K. PC: DeNovo Corp.
170	Wienerschnitzel Newport Beach, Calif. Franchisor (fast food/sandwiches)	111.0 (107.6*)	3.2	288 (274*)	5.1	Expansion planned in home market only. Introduced International Sausage Sandwich line 11/89; Italian and Polish versions already out. Fy end: 6/89. PC: Galardi Group.
171	Lyon's Restaurants Inc. Foster City, Calif. Full service (family dining)	110.0** (100.0)	10.0	67 (65)	3.1	After '88 mgmt LBO from Sara Lee, 24-hr family chain shows sales and units gains. Co. closed 1, opened 5 new units '89. To open 5 in '90. All units co.-owned. Fy end 6/90.
172	J.B.'s Restaurants Inc. Salt Lake City, Utah Diverse restaurants (full service/dinner houses)	109.4 (99.7)	9.7	119 (116)	2.6	After 4 yrs of restructuring, punctuated by addition of ex-Ponderosa CFO David Pertl, co. says it is set to grow rapidly: plans 12 new units in '90. AUV \$942K.
173	U.S. Dept. of Justice, Federal Prison System Washington, D.C. Institutions	108.8† (81.8†)	33.0	60 (50)	20.0	Emphasis is on labor: providing more training to fs administrators and line staff, including training awards and monthly staff meetings to solicit new ideas. Fy end 9/89.
174	Northwest Airlines Inc. Egan, Minn. Transportation	107.2† (205.3†)	-47.8	60 (67)	-10.4	Destination: Asia. Interest in Pacific Rim has catapulted carrier into challenging era. Passenger counts: 38.6MM in '89 vs. 35.8MM in '88. Flew 45,663MM miles in '89.
175	Daughters of Charity Health Systems St. Louis, Mo. Health care	106.4† (75.0†*)	41.9	40 (32)	25.0	Daughters relies on 350-yr legacy to conquer challenging times. No plans to sell units, though belt-tightening in current operations prevails. Internal structure stable.
176	Howard Johnson So. Weymouth, Mass. Franchisor (full service/family dining)	105.0 (110.0**)	-4.5	111 (136)	-18.4	Updated design should draw younger diners, serve as prototype for future co. units and franchisees with \$200K to spend. AUV \$800K. PC: Franchise Associates Inc.

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& RESTAURANTS INSTITUTIONS

177	Brown's Chicken Lombard, Ill. Franchisor (fast food/chicken)	103.0 (105.0)	-1.9	150 (158)	-5.1	Remodeled and updated units, relocated some to higher-volume sites. Sandwiches to help expansion into lunch market. AUV \$650K. Fy end 10/89. PC: Brown & Portillo.
178	Humana Inc. Louisville, Ky. Health care	102.8† (88.8†)	15.8	84 (82)	2.4	Co.-owned health plans showed profit for 1st time in '89; pt. admissions also up. Internal reorg. realigned co.'s HC and hosp. divisions with little effect on day-to-day ops.
179	Rally's Hamburgers Louisville, Ky. Franchisor (fast food/hamburgers)	102.0 (—)	—	202 (—)	—	With fresh beef cooked to order, signature fries, deluxe burger for \$1 less than others, 1st double-drive-thru in 400 makes big entrance. 98 opened in '89; 80 in '90? AUV \$918K.
180	Trusthouse Forte Hotels El Cajon, Calif. Lodging	101.8* (93.1)	9.3	118* (106)	11.3	Travelodge Hotel Plaza in San Diego has leased out its restaurant, Villa Giuseppe's; its success has co. looking at other similar lease arrangements. PC: Trusthouse Forte PLC.
181	New Jersey Dept. of Human Services Trenton, N.J. Institutions	100.8† (—)	—	16 (—)	—	Continuing efforts to standardize menu and computerize food program statewide. Developing a central cook-chill food system. 85% of meals served to patients, 15% in cafeterias.
182	Skipper's Inc. Bellevue, Wash. Franchisor (fast food/seafood)	100.7 (93.0)	8.3	210 (214)	-1.9	After purchase by new PC National Pizza fall '89, co. returned to profitability; takeout hiked same-store sales. Pres/CEO Everett Jefferson resigned 2/90. AUV \$470K.
183	Rusty Pelican Restaurants San Juan Capistrano, Calif. Franchisor (full service/seafood)	100.0 (—)	—	35 (—)	—	PC Paragon Restaurant Group's seafood div. decentralized. Ex-Pizza Hut exec Greg Dollarhyde replaced Randy Howatt as pres 2/90. AUV \$2.9MM. Fy end 10/89.
184	Loews Hotels New York, N.Y. Lodging	100.0 (90.6)	10.4	80 (74)	8.1	To increase F&B sales, co. has enlisted the aid of New York-based restaurant consultant Clark Wolf. Labor costs in 1989 ran 48% of sales; food costs ran 33%.
185	Calif. Dept. of Rehabilitation, Business Enterprise Program Sacramento, Calif. Institutions	100.0† (102.8†)	-2.7	260 (270)	-3.7	Combining some locations under same mgmt and shifting priority to preventive maintenance, scheduled replacement. Improving office automation. Fy end 9/89.
186	Greyhound Food Management Phoenix, Ariz. Contract management	100.0 (—)	—	120 (—)	—	Contract feeder sold Cassano's Pizza and Subs back to founder 11/89. Restaura division makes the 400 on its own; remainder of co. heavily into B&I, 30 Faber gift shops.
187	Dobbs Houses Inc. Memphis, Tenn. Full service (family dining)	99.8 (94.4*)	5.7	287 (238)	20.6	Opened 32 new units. New '90s locations: Sarasota, Fla., and Houston. Menu development seeks healthier foods, from-scratch items such as Pizza Strada. PC: Greyhound Dial.
188	Paragon Steakhouse Restaurants San Diego, Calif. Diverse restaurants (full service/steakhouses)	98.0 (138.0 ^B)	-29.0	54 (66 ^B)	-18.2	Bought 5/90 by Japanese owner of Restaurant Assocs., co. to expand daypart sales, use secondary menu as point of difference. AUV \$1.8MM. PC: Kyotaru Ltd.
189	Orange Julius Bloomington, Minn. Franchisor (fast food/sweets)	97.1 (125.0)	-22.3	660 (709)	-6.9	Gourmet hot dog line added new pizzaz to co.'s hallmark traditional dog, but unit growth still sluggish. Fy end 11/89. PC: International Dairy Queen Inc.
190	Druther's International Inc. Louisville, Ky. Franchisor (fast food/hamburgers)	97.0 (90.0)	-1.0	146 (151)	-3.3	Co. reworked salad bar in '89, added side salads. Wide menu: chicken, fish, burgers; breakfast 25% of sales. Built traffic with both price-off and packaged specials. AUV \$680K.

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191	Fosters Freeze International Arroyo Grande, Calif. Franchisor (fast food/sweets)	96.0 (95.0)	1.1	182 (200)	-9.0	Regional chain closed 14 older franchised units in '89, updated others; will shut 8-10 more in '90. Menu to be revamped and probably trimmed in '90. AUV \$527.
192	Swensen's Ice Cream Co. Andover, Mass. Franchisor (full service/ family dining)	95.0 (90.0**)	5.6	279 (307)	-9.1	Growth focused on triple-trademark concept, adding Heidi's Frogen Yozurt and David's Cookies to Swensen's to form combo units for franchising. PC: Steve's Ice Cream.
193	Prufrock Restaurants Dallas, Texas Franchisor (full service/ dinner houses)	93.6* (73.9)	26.7	70 (60)	16.7	Chain to double in size in next 5 yrs under direction of new pres Angelo Pitillo, formerly with Jerrico. Customer counts increased 13% in '89. PC: Unigate PLC.
194	Wometco Food Services Anderson, S.C. Contract management	91.5 (92.0*)	-0.5	970 (1,100*)	-11.8	Contractor plans to up profits by increasing catering, raising prices and being selective in new business (must have 25% ROI). Added health-food lines to menu. Fy end 7/89.
195	Steak 'n Shake Inc. Indianapolis, Ind. Full service (family dining)	90.6 (82.0)	10.5	112 (110)	1.8	6 new units in '89, 6 more in '90. AUV \$800K. New for '90, chicken club. Testing fax in some units, call-ahead drive-thru plans. Fy end 9/89. PC: Consolidated Products Inc.
196	Professional Food-Service Management Inc. Northbrook, Ill. Contract management	90.0 (82.0)	9.8	134 (142)	-5.6	Moved HQ to Jupiter, Fla., 10/89; sold off 9 independent restaurants. Focusing on college market, developing B&I division. Co. began ESOP, will add branded concepts fall '90.
197	Benihana of Tokyo Miami, Fla. Full service (dinner houses)	90.0** (88.0)	2.3	49 (50)	-2.0	Co. still recouping losses in wake of '88 sale of Big Splash concept and frozen-food operation. No new units in '89, but 1 planned for '90. AUV \$1.8 MM. Fy end 4/90.
198	New York State Dept. of Correctional Services Albany, N.Y. Institutions	89.6† (—)	—	65 (—)	—	'90 unit populations are 65K-70K, with separate food plans for each facility. Nutrition services dept. urges mgrs to "meet the needs of their own institution."
199	Florida Dept. of Corrections Tallahassee, Fla. Institutions	89.6†* (—)	—	103 (—)	—	Implemented dietary programs that keep fat down to 30% of calorie intake and reduce added salt. System serves 44K daily at \$2.38 per person/day.
200	Guest Services Inc. Fairfax, Va. Contract management	89.3 (83.0)	7.6	126 (125)	0.8	Fs mgmt co. (mostly parks, recreation) will look for B&I and health-care growth, esp. retirement facilities. Took on mgmt of several independent hotel F&B operations in '89.
201	Taco Time Eugene, Ore. Franchisor (fast food/Mexican)	89.0 (85.0)	4.7	309 (292)	5.8	Co. now has 99 foreign franchised units, mostly in Canada, Japan and Venezuela. Will buy back subfranchise rights in 10 U.S. mountain states. AUV \$324K; avg check \$3.95.
202	Resorts International Inc. Atlantic City, N.J. Lodging	87.9 (85.0)	3.4	26 (23)	13.0	As part of co.'s amended plan to reorganize out of Chapter 11, Paradise Island property is on the block in the Bahamas. Sale should bring the co. \$175MM to \$300MM.
203	King's Table Buffets Bellevue, Wash. Cafeterias	85.0 (78.0)	9.0	83 (87)	-4.6	New island-service buffet being tested in Ore. and Minneapolis stores might help build same-store sales. Avg check now \$4.76. Co. to add 2 units in '90.
204	Lettuce Entertain You Enterprises Inc. Chicago, Ill. Diverse restaurants (full service)	85.0 (80.7)	5.3	26 (26)	—	Co. sold Debevic's majority interest to Dennis Riese and partners, N.Y. Readied Tucci concept for growth: "city" version (Tucci Milan) opened in '89. 2 planned by '91.

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205	Food Dimensions Inc. Emeryville, Calif. Contract management	85.0† (99.8†*)	-14.8	120 (125*)	-4.0	Jerry Kemp named pres 2/90. Sees continued growth in health care and retirement living, which co. considers its forte; latter is 60% of business. PC: Sodexho.
206	Princess Hotels International New York, N.Y. Lodging	83.9* (80.7*)	4.0	34 (34)	—	Theme concepts successful at luring banquet and group business; portable and permanent backdrops include Wild West town, Mexican fiesta and pirate setting.
207	Houston's Restaurants Atlanta, Ga. Full service (dinner houses)	83.8 (69.6)	20.4	19 (18)	5.6	Fine-tuning operations to lower managing costs while keeping emphasis on consistency in service. Chain plans 2 units in '90: New Orleans (6/90) and Boca Raton, Fla. (8/90).
208	Six Flags Corp. Arlington, Texas Recreation	83.2* (80.0)	4.0	350* (350)	—	7 parks drew near-record crowds and notice of Paramount Pictures. Each grosses \$10MM-\$14MM in fs sales. \$32MM capital improvements in '90, including 5 new coasters.
209	Bojangles' Corp. Charlotte, N.C. Franchisor (fast food/chicken)	82.5* (102.0**)	-19.1	152 (161)	-5.6	Franchise pact 6/89 seemed to preclude a sale, but last word from parent has Bojangles' on the block again. Revenues down, as are units: 9 closed in '89. PC: Horn & Hardart.
210	HBJ Parks Inc. Orlando, Fla. Recreation	82.1* (82.1)	—	93 (93**)	—	Sale by Harcourt makes new PC Anheuser-Busch 2nd-largest U.S. theme-park operator. 4 Sea Worlds, Cypress Gardens to stay; closed Boardwalk & Baseball might reopen.
211	Circus Circus Enterprises Reno, Nev. Lodging	81.3 (79.3)	2.5	28 (15*)	86.7	Excalibur casino opens in Las Vegas in mid-June; will include 6 themed restaurants, 3 snack bars and a dinner show in the medieval amphitheater. Fy end 1/31/90.
212	Sonny's Real Pit BBQ Gainesville, Fla. Franchisor (full service/barbecue)	80.7 (69.4*)	16.3	80 (79)	1.3	Co. reports customer counts up 12% for "very healthy" profits. More sophisticated R&D capability for testing menu ideas. 10-15 units in Va., Pa., Md., Ohio planned.
213	Pizzeria Uno Restaurants West Roxbury, Mass. Franchisor (full service/pizza)	80.0 (66.4)	20.5	63 (54)	16.7	No. 1 goal: Step up growth—20 new stores planned for '90. No. 2 goal: Build takeout sales. Ex-BK CEO Jeff Campbell opened Uno franchise this yr in Asheville, N.C. AUV \$1.6MM.
214	Garcia's Mexican Restaurants Scottsdale, Ariz. Full service (Mexican)	79.4 (67.0)	18.5	48 (44)	9.1	A stabilizing yr after several tough yrs. PC Famous Restaurants bought 11 Casa Lupitas from Imasco for \$23MM, will convert only 2. AUV \$1.8MM; avg check \$10.03.
215	Valley Innovative Management Services Jackson, Miss. Contract management	79.2† (68.9†)	14.9	125 (110)	13.6	Name change shows new direction: new long-term mktg plan, expansion of district offices for better customer service. Added Signature Chef soup, salad, vegetable, entree, desserts.
216	TrettCo Inc. Farmington Hills, Mich. Contract management	78.4 (70.6†)	11.0	107 (95)	12.6	Added 2 regional VP positions, for total of 3, to improve mgmt workload, customer service. Strengthened employee-recruitment and mgmt-development programs. AUV \$732K.
217	New York State Office of Mental Health Albany, N.Y. Institutions	78.4†** (72.8†)	7.7	32 (32)	—	Implemented statewide computerized food-ordering system in '89. This yr will concentrate on design of regional cook-chill facility. Also to open 2 new facilities. Fy end 3/90.
218	Mr. Steak Littleton, Colo. Franchisor (full service/steakhouses)	78.0 (85.0)	-8.2	98 (125)	-21.6	Began financial recovery following bankruptcy; AUV \$709K, up greatly from previous yr. Price increases, add-on sales raised avg check to \$7.60. More emphasis on takeout.

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Rank	Organization	1989 Sales (\$ mil.)	% Change	1989 Units	% Change	Notes
219	Bill Knapp's Michigan Inc. Battle Creek, Mich. Full service (dinner houses)	77.5* (77.3*)	0.3	62 (63)	-1.6	Downsizing units to reduce break-even points by 1/3 and to penetrate smaller markets. 134-seat prototype opens in Toledo, Ohio, 7/90; 186-seat prototype to follow.
220	American Medical International Inc. Beverly Hills, Calif. Health care	76.7†** (49.3†)	55.6	69 (55)	25.5	IMA Acquisition Corp. completed buyout 10/89; corp. HQ to move to Dallas 9/90 in effort to control costs. All foreign and several U.S. units to be sold to ease debt.
221	National Heritage Corp. Dallas, Texas Health care	75.8†** (71.4†)	6.2	221 (221)	—	Co. contemplating merge with Life Care Centers of America; deal could be complete by late '90. Last yr's change in sr. mgmt should have little effect on daily operations.
222	Adventist Health System Arlington, Texas Health care	75.8†** (75.8†*)	—	138 (161)	-14.3	Reorganization in '89 phased out many depts. Corp. to dissolve in '90; independent units to operate under Adventist Health Assoc. banner. Purchasing dept. to remain.
223	Sir Pizza International Muncie, Ind. Franchisor (full service/pizza)	75.0 (—)	—	107 (—)	—	Co. converting remaining Pizza King stores, actively seeking overseas franchisees. Added chicken breast and subs in '89; will bring back taco and Hawaiian pizzas this yr.
224	Eat'N Park Restaurants Inc. Pittsburgh, Pa. Full service (family dining)	75.0 (67.0)	11.9	49 (49)	—	Salad bar still best seller. Light menu sales high, too. New '90 menu won NRA award for best design in \$8-and-under group. Co. says credit card test "unrewarding."
225	Prime Motor Inns Fairfield, N.J. Lodging	75.0 (75.0**)	—	78 (75)	4.0	Co. sold off 65% share in Ramada Inn and Howard Johnson Motor Lodge franchise systems, bought in '89 from Ramada. Express room-service delivery began. Fy end 6/89.
226	Taco Villa Inc. Dallas, Texas Franchisor (fast food/Mexican)	75.0 (80.3)	-6.6	148 (147)	0.7	Name change to Del Taco. PC and 1-time fs power W.R. Grace buying 20% of stock it does not hold for tax purposes—but still leaving the restaurant business.
227	Health Trust Inc. Nashville, Tenn. Health care	72.8†** (69.8†*)	4.3	90 (104)	-13.5	1st full yr away from HCA, co. increased operating regions from 5 to 7. '90 plans see expansion and financial growth of current holdings; few new units planned.
228	Michigan Dept. of Corrections Lansing, Mich. Institutions	70.7†** (—)	—	45 (—)	—	System serves approximately 30K inmates at range of detention facilities that includes 30 prisons and 15 camps. Food cost per inmate averages \$850 per yr.
229	Ohio Dept. of Rehabilitation & Corrections Columbus, Ohio Institutions	70.4† (61.0†)	15.4	25 (23)	8.7	2 prisons added in '89, 2 to open in '90 for a total of 27 and more than 30K inmates. Dept. uses basic 3-cycle menu; newsletter highlights special occasions. Fy end 6/89.
230	Dade County Schools Miami, Fla. Schools	70.0†** (58.1†*)	20.5	292 (290)	0.7	Contracted feeding after-school day-care programs. Approved purchase of POS system. Implemented prototype kitchen designed for middle and senior high schools.
231	The Levy Restaurants Inc. Chicago, Ill. Diverse restaurants (full service/dinner houses)	70.0 (62.5)	12.0	35 (31)	12.9	Growth hopes shifting from single concepts to specialty concessions. Fireworks Factory, Portobello Yacht Club opened at Disney World's Pleasure Island in '89.
232	U.S.M.C. Morale, Welfare & Recreation Support Quantico, Va. Military	69.2† (37.1†*)	86.5	300 (156)	92.3	Club system took on restaurants and snack bars from PX system, cutting competition and putting all food and hospitality under 1 office. Sales include 17 fast-food franchises.

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RESTAURANTS & INSTITUTIONS

233	Acapulco Restaurants Long Beach, Calif. Full service (Mexican)	68.0 (64.0)	6.2	41 (41)	—	Bought with rest of Restaurant Associates. Testing catering, but focus is human resources, i.e., training, job benefits, incentives, building traffic counts. PC: Kyotaru Co. Inc.
234	Manor Health Care Silver Spring, Md. Health care	67.2† (56.0†)	20.0	158 (139)	13.7	Co. plans expansion with new construction in existing markets. Kitchen cutbacks mean greater portion control, less labor-intensive meals. PC: Quality Intl.
235	New Jersey Dept. of Corrections Trenton, N.J. Institutions	66.4† (77.8†**)	-14.7	65 (46)	41.3	Rapid growth in prison populations resulted in temporary "tent city," posing great challenges for fs. 9 locations to open this yr. Computerization continues.
236	Wawa Inc. Wawa, Pa. Retail (convenience stores)	65.0 (—)	—	460 (—)	—	Co. introducing breakfast sandwich in '90, continuing successful "Fresh Buffet" (frozen entrees/desserts) concept. AUV \$1.2MM (fs only). 40 units to open in '90.
237	Charlie Brown's Union, N.J. Full service (dinner houses)	65.0 (51.9)	25.2	33 (36)	-8.3	Tokyo-based Kyotaru Co. Ltd.'s purchase of PC Restaurant Associates means chain can plan to double in size by '95. 3 units planned for '90. AUV \$1.6MM.
238	Sanese Services Inc. Columbus, Ohio Contract management	65.0 (60.0)	8.3	62 (62)	—	Fs contractor is 65% vending, but has menu of nutritious items for its 60 B&I accounts. Will focus growth in Ohio market. Best promo: Bahamas trip for 2 employees.
239	Fairmont Hotel Corp. San Francisco, Calif. Lodging	65.0 (73.0)	-11.0	23 (21)	9.5	Long known for in-house supper clubs, co. closed all in '89, citing lack of entertainers suited to that environment; converted rooms to private dining facilities.
240	Trans/Pacific Restaurants Inc. Irvine, Calif. Diverse restaurants (full service/ dinner houses)	65.0 (66.0**)	-1.5	36 (44)	-18.2	Since selling off 7 underperforming Jolly Roger units in '89, co. has focused on most effective ways to market remaining units: 1st quarter sales up 8%.
241	Huddle House Inc. Decatur, Ga. Franchisor (full service/ family dining)	64.5* (48.5)	33.0	170 (132)	28.8	50% sales jump from all-day breakfast in 24-hr SE chain (10 co. units) with varied menu. Upgrade for 26-yr-old chain includes enlarging 32-seat units. Fy end 4/30/90.
242	Restaurants Unlimited Specialty Restaurants Seattle, Wash. Diverse restaurants (full service)	64.0 (60.0)	6.7	21 (20)	5.0	As Jacobs buyout hopes linger, co. turns attention to retention; hired Chi-Chi's George Theisen to head human resource dept. 2 new concepts—Zoopa and Zodeo—to open in '90.
243	The Häagen-Dazs Shoppe Co. Teaneck, N.J. Franchisor (fast food/sweets)	63.5* (69.0**)	-8.0	275* (315)	-12.7	Soft ice cream, rolled out in '89, is a big hit already, forming 10%-30% of sales. Testing lunches, dessert sales in PC Grand Metropolitan PLC's Burger Kings.
244	Magic Pan San Mateo, Calif. Full service (dinner houses)	63.0 (47.0)	34.0	48 (54)	-11.1	Eyeing expansion, co. shifts focus from Magic Pan concept to Frogg Lane Bar & Grill. Plans 20 in '90; opened 7 in '89. Customer counts up 3% in '89. AUV \$1.5MM. Fy end 6/90.
245	Pancho's Mexican Buffet Inc. Fort Worth, Texas Full service (Mexican)	63.0 (61.9)	1.8	63 (65)	-3.1	Mexican cafeteria concept to stress service in '90. Began discounting senior meals and promoting add-on sales and takeout orders to businesses in '89. AUV \$1.1MM.
246	The Registry Hotel Corp. Dallas, Texas Lodging	63.0 (92.0)	-31.5	15 (37)	-59.5	Co. to open Asian office in '90 and begin building intl. properties. Back home, the St. Petersburg, Fla., unit opened Zelda's, a \$2MM seafood restaurant, in '89.

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247	Bombay Bicycle Club Tarzana, Calif. Full service (dinner houses)	61.3 (56.8*)	7.9	51 (43*)	18.6	Corp. team is changing co. direction with fresh design, uniforms, menus at 2 units in '90, 2 more in '91. PC: Industrial Equity (Pacific) Ltd. Fy end 9/90.
248	Stuckey's Corp. Washington, D.C. Franchisor (full service/ family dining)	61.2 (60.0)	2.0	127 (127)	—	"Not trying to reinvent wheel, just fine-tuning." Looking at new items for '90. Top 3 '89 promos: soft-drink refill, \$2.99 breakfast and ¼-lb. hamburger—the works.
249	The Boyd Group Las Vegas, Nev. Lodging	60.7 (52.8)	15.0	27 (27)	—	Sam's Town Hotel in Las Vegas opened Mary's Diner, a '50s-style diner, and a new buffet in '89. The Stardust Hotel in Laughlin to open 3 new restaurants in '91.
250	Mrs. Winner's Chicken Brentwood, Tenn. Franchisor (fast food/chicken)	60.3 (78.1**)	-22.8	120 (169)	-29.0	New PC RTM Inc. (as of 8/89) plans to refocus on chicken in all forms (roasted, baked, grilled). Expanding breakfast line, firming up hold on lunch and dinner, esp. in Fla.
251	Universal Services Inc. Seattle, Wash. Contract management	60.0 (54.0)	11.1	134 (130)	3.1	Remote feeding is 90% of business, but co. to start employee feeding in offices, plants. "Heart healthy" menus developed with Providence Hospital, Anchorage, Alaska.
252	AMTRAK Washington, D.C. Transportation	60.0 (52.5†)	14.3	350 (350)	—	26MM train buffs traveled the clicky-clack route in '89. 85% of meals prepared on board 48- and 72-seat dining cars use both fresh and frozen products. Fs revenues \$60MM.
253	Target Stores Inc. Minneapolis, Minn. Retail	60.9* (55.0*)	9.1	403 (350)	15.1	62 new stores unveiled fs operations—all at front door, "where the money is." 16 more to open by 10/90, along with many remodels, also with fs. PC: Dayton Hudson.
254	Togo's Eatery Campbell, Calif. Franchisor (fast food/sandwiches)	60.0 (55.5)	8.1	129 (120)	7.5	Specialty sandwich vendor breaks out of 11 Western states; plans 20-22 new units in '90. Catering is big part of business; co. is testing limited delivery. Fy end 3/90.
255	Great American Chocolate Chip Cookie Co. Atlanta, Ga. Franchisor (fast food/sweets)	60.0* (60.0*)	—	300 (300**)	—	Atlanta-based co.'s sales a bit soft, like its cookies. But chain is optimistic about '90, with plans for new franchised units by investors rather than mom-and-pops.
256	Pioneer Chicken Co. Canoga Park, Calif. Franchisor (fast food/chicken)	60.0* (65.0)	-7.7	195 (202)	-3.5	Reincarnation of Pioneer Take Out plans total revamp of image: new decor, new logo, new healthy food menu; hopes for 12 new units in '90. Weekly unit volume about \$6K.
257	Veterans Canteen Service Washington, D.C. Military	59.9† (59.9†)	—	172 (172)	—	Customizing operations to fit locations, in terms of space and available labor. Successfully implemented YES nutrition program (Your Educated Selection). Fy end 9/89.
258	McCrory Stores York, Pa. Retail	59.8** (56.5)	5.8	316 (326)	-3.1	Chain closed some low-volume stores, grew fs at others into food courts. Combining some of its Sbarro franchises with Fulton St. Grill. Some success with mobile food carts.
259	C.A. Muer Corp Detroit, Mich. Full service (seafood)	59.0 (68.0)	-13.2	17 (19)	-10.5	Owner of Charley's Crab, other concepts closed 1 and sold 2 remaining dinner houses. Adding low-end menu items, early-bird dinners; no new stores in '90. Fy end 9/89.
260	Hard Rock Cafe America Los Angeles, Calif. Full service (dinner houses)	58.1** (60.0)	-3.2	8 (7)	14.3	The Rocker launches co.-wide recycling push, establishes Save the Planet Dept. for food donations, fund-raising. Plans 2 units in '90, 2 more in '91. Customer counts up 5%.

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261	The Original Cookie Co. Cleveland, Ohio Fast food (sweets)	58.0 (50.0)	16.0	250 (248)	0.8	Sweet success, with best sales and profit ever attributed to smoother store operations. Outlook positive for '90; co. projects addition of 15 new stores. PC: Midial S.A.
262	Sirloin Stockade International Hutchinson, Kan. Franchisor (full service/ steakhouses)	57.3 (52.3)	9.6	68 (67)	1.5	Will develop new co. store region. Introduced sandwich line, diet plates. Traffic up 3.5% from "Kids eat free Tuesday," other specials. AUV \$857K; avg check \$5.59.
263	Taco Bueno Dallas, Texas Franchisor (fast food/Mexican)	56.7* (59.2**)	-4.2	110 (120)	-0.3	Drive-thru and carryout business up 4%-5% each, but margins still under pressure. Co. revamping menu to enhance price/value, testing credit cards. PC: Unigate PLC.
264	Carousel Snack Bars of Minnesota Minneapolis, Minn. Fast food (sandwiches)	56.5 (52.0**)	8.7	275 (290)	-5.2	License deal converted 140 existing units to A&W Hot Dogs & More; 100 more conversions slated for '90. Will expand hot dog line with Chicago Classic. FY end 6/90.
265	Houston Independent School District Houston, Texas Schools	56.4†** (57.4†*)	-1.7	227 (227)	—	"Choose Right—Eat Right" program so successful, will expand from 140 to 165 schools. 3.3% increase in meals served. Administrators preparing school lunches boosts morale.
266	Au Bon Pain Boston, Mass. Franchisor (full service/ family dining)	56.0 (38.0**)	47.4	75 (50)	50.0	Co. commits funds to product development, promos and advertising in '89; starts performance bonuses. Cookies, other add-ons boost checks. Will cater in '90. AUV \$1.1MM.
267	K&W Cafeterias Inc. Winston-Salem, N.C. Cafeterias	56.0 (50.2)	11.6	23 (21)	9.5	No major changes in '90 at this cafeteria stalwart, which describes itself as an "American-Style Buffet." Chopped steak still hottest seller on the menu.
268	Dept. of Public Welfare, Commonwealth of Pennsylvania Harrisburg, Pa. Institutions	55.8† (51.8†**)	7.7	36 (35)	2.9	Installed rethermalization equipment at several facilities, allowing cuts in staff and labor costs. Looking at centralized cook-chill and shorter work week. FY end 6/89.
269	David's Cookies New York, N.Y. Franchisor (fast food/sweets)	55.5* (55.5*)	—	375 (375*)	—	Co. aims to build avg tickets by moving to all-butter cookies and other premium items, and selling in Swensen's new triple-concept units alongside Heidi's Frozen Yozurt.
270	Pointe Resorts Phoenix, Ariz. Lodging	55.4* (53.0*)	4.5	11 (11)	—	2 Ariz. units, Sportsclub in South Mountain and Beside the Pointe in Squaw Peak, introduced "Heart Healthy" menus. F&B calendar mailed to local residents a big success.
271	Peter Piper Inc. Phoenix, Ariz. Franchisor (fast food/pizza)	55.2* (52.4*)	5.3	112 (111)	0.9	Co. focusing on SW—25 new units to open in '90, including 1st stores in Mexico. Off-premise, takeout account for 40% of sales, but no delivery. AUV estimated at \$495K.
272	Adam's Mark Hotels St. Louis, Mo. Lodging	55.0 (52.0*)	5.8	28 (28)	—	Chain's restaurants emphasize traditional American and Continental cuisine; all added 30% more items in '89, e.g., game and seafood. Emphasizing beverage sales in '90.
273	Schlitzsky's Inc. Austin, Texas Franchisor (fast food/sandwiches)	55.0 (52.0)	5.8	245 (238)	2.9	Opened 1st co. free-standing prototype. Hopes pizza product will build dinner in '89. Plans to add 45 units in '90. Will push drive-thru, takeout. AUV \$285K.
274	Bobby McBoe's USA Inc. Phoenix, Ariz. Full service (dinner houses)	55.0 (53.0**)	3.8	19 (20)	-5.0	Hotels are growth spots for both franchised and co.-owned units in the future. 2 franchised stores in Australia; 3rd unit in an Embassy Suites hotel in '90. AUV \$3.1 MM.

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275	Showboat Inc. Las Vegas, Nev. Lodging	53.7 (51.9)	3.5	12 (20*)	-40.0	Las Vegas Showboat began \$25MM renovation program in '89, including upgraded buffet area and 2 new restaurants; Atlantic City property may feel heat from Taj Mahal next door.
276	L&N Seafood Grill Mobile, Ala. Full service (seafood)	52.8** (40.0)	32.0	24 (20)	20.0	Opened 8 units in '89. Dozens of menu items added, including wider, less expensive lunch-time offerings. Avg check: \$9.50. AUV \$2.2MM. Fy end 5/89. PC: Morrison Inc.
277	Restaurant Associates Theme Restaurants New York, N.Y. Diverse restaurants (full service)	52.4 (—)	—	21 (—)	—	Mixed bag of concepts expects to benefit from growth push resulting from Kyotaru Co.'s purchase of PC Restaurant Associates: 2 new concepts slated for '90.
278	Creative Restaurant Management Shawnee Mission, Kan. Diverse restaurants (full service/ dinner houses)	51.5 (—)	—	21 (—)	—	Steady after '88 spinoff by Restaurant Ent., this portion of the former Gilbert/Robinson added 2 units in '89, plans 8 single-concept stores in '90. AUV \$2.6MM.
279	Trader Vic's San Francisco, Calif. Franchisor (full service/ dinner houses)	51.0** (50.0)	2.0	18 (20)	-10.0	Under direction of CEO and TGI Friday's alum Didier Peyron since spring '89, co. switched from tableside cooking to plate service. Plans 2 new units in '90; closed 2 in '89.
280	New York City Health & Hospitals Corp. New York, N.Y. Health care	50.9† (65.4†*)	-22.2	17 (16)	6.2	AIDS epidemic and shrinking resources prompted new corp. strategy. Co. hopes to ease current crunch, pledges continued quality care in face of overcrowding. Fy end 6/89.
281	Detroit Public Schools Detroit, Mich. Schools	50.4†** (33.6†**)	50.0	261 (270)	-3.3	Hired more accounting personnel to increase financial analysis to meet new state and federal requirements. Doubled no. of schools serving breakfast to 111.
282	California Dept. of Developmental Services Sacramento, Calif. Institutions	50.4†** (44.8†)	12.5	11 (11)	—	Residential facilities for developmentally and mentally disabled serve 11,600 patients. Centralized computer operations, began nutritional analyses in '89. Fy end 6/90.
283	Shari's Family Restaurants Portland, Ore. Full service (family dining)	50.0 (34.0**)	47.1	45 (38)	18.4	Opened 6 units in '89; plan 9 in '90. Now standardizing training. Raised prices slightly, promoted desserts heavily. Best promo: country fried steak breakfast. AUV \$1.3MM.
284	Ruth's Chris Steak House Inc. New Orleans, La. Franchisor (full service/ steakhouses)	50.0 (38.0)	31.6	26 (23)	13.0	Increasing traffic thru promos, charitable events and tourist promos; mgrs expected to drum up local business. Rely on heavy mgmt training to support expansion.
285	Damon's Inc. Hilton Head, S.C. Franchisor (full service/barbecue)	50.0 (40.1)	24.7	38 (33)	15.2	Focus on Damon's Clubhouses, providing interactive sports, games in non-peak hrs. Some units testing separate takeout entrances. Mgmt bonus plan to boost productivity.
286	Olga's Kitchen Inc. Troy, Mich. Franchisor (full service/ family dining)	50.0 (41.7)	19.9	53 (51)	3.9	Co. opened new "Olga's Kitchen Express" units in mall food courts, new restaurant design elsewhere. Best-selling item still Original Olga sandwich. Testing salads, desserts.
287	Red Onion Restaurants Carson, Calif. Full service (Mexican)	50.0** (45.0)	11.1	15 (13)	15.4	Traffic up 15%. Early-bird specials build off-peak business. Sales boosted by banquet and off-premise catering efforts. Opened 2 units in '89, plans 2 more in '90.
288	Legal Sea Foods Inc. Allston, Mass. Full service (seafood)	50.0 (52.0)	-3.8	7 (6)	16.7	Berkowitz family wants to double chain size in 3 yrs, starting in New England, then moving down East Coast. "Legal Quality" safety promo, mail-order shipping still strong.

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	Company	'89 sales (\$ mil.)	% change sales	'88 units ('89 units)	% change units	Comments
289	Emro Marketing Springfield, Ohio Retail	50.0 (—)	—	860 (—)	—	No. 2 truckstop chain operates "Starvin' Marvin" and "Speedway Convenience" brands, in states from Fla. to Mich. Building 50 new locations in '90.
290	Aztec Inc. Phoenix, Ariz. Lodging	49.9 (—)	—	47 (—)	—	Reincarnation of Ramada gaming group plans consolidation, not change, for TropWorld (Atlantic City), Tropicana (Las Vegas) or Ramada Express (Laughlin, Nev.) in '90.
291	School District of Philadelphia Philadelphia, Pa. Schools	49.3†** (48.2†**)	2.3	262 (262)	—	Refurbished many cafeterias' cooking equipment, added mobile serving lines. Serve pre-packed hot breakfast at satellites. Testing mobile food carts. Plan more vending.
292	The Old Spaghetti Factory Portland, Ore. Full service (Italian)	48.6 (42.6)	14.1	32 (28)	14.3	Slow, steady, co.-financed expansion the plan for debt-free OSF, execs say. Employee sales-incentive contests boosted AUV from \$1.6MM in '88 to \$1.7MM in '89.
293	MCL Cafeterias Indianapolis, Ind. Cafeterias	48.3 (47.0)	2.8	27 (27)	—	Co. experimenting with carryout in several units. Also focusing on increasing stores' appeal to younger set, with more salads, fresh fruit and vegetables. AUV \$1.79MM.
294	Soup Exchange San Diego, Calif. Franchisor (full service family dining)	48.0 (—)	—	31 (—)	—	Co. expanding delivery and catering, aiming mktg efforts at children. New 30% senior discount in afternoon hrs. English programs assist Hispanic workers. Fy end 12/89.
295	T.J. Cinnamon's Bakeries Kansas City, Mo. Franchisor (fast food/sweets)	48.0 (51.0)	-5.9	191 (229)	-16.6	Bun chain could not maintain 45% sales growth of '88-'89. Closed 38 units. Co. moved corp. offices to larger quarters for 29 corp. employees. PC: Signature Foods.
296	Pennsylvania Dept. of Corrections Camp Hill, Pa. Institutions	47.6† (35.0†)	36.0	34 (14)	142.9	Growing prison population necessitates new facilities. 2 added in '89; 8 more planned. Dept. boosts labor productivity with higher wages, flexible hrs. Fy end 6/90.
297	Convenient Food Marts Rosemont, Ill. Retail (convenience stores)	47.3* (80.0*)	-40.9	1,000 (1,282)	-22.0	Co. follows the pack in tough c-store segment; reorganizing in Chapter 11 under new pres. Richard Harper. Sold 300+ underperformers. F's is about 7% of \$676K AUV.
298	The Evangelical Lutheran Good Samaritan Society Sioux Falls, S.D. Health care	47.0† (45.8†*)	2.6	204 (201)	1.5	With Dr. Mark Jerstad newly installed at helm, co. has no plans for major change. Limited-growth strategy to continue through '90 and beyond. Purchasing up 2% in '89.
299	U.S. Army Medical Dept. Falls Church, Va. Military	46.6† (54.6†)	-14.7	50 (51)	-2.0	Dept. served more than 11MM meals in '89. Also completed implementation of nutrition initiatives worldwide, expanded use of computers. Fy end 9/89.
300	Hot Sam/Corn Dog on a Stick Cleveland, Ohio Franchisor (fast food/sweets)	46.0 (42.0)	9.5	297 (300)	-1.0	Net loss of 3 units, with 10 added and 7 closed; 5 new units in works. Co. to add at least 2 new products in '90—15-20 now in test market. PC: Midial S.A.
301	Life Care Center Corp. Cleveland, Tenn. Health care	45.8* (—)	—	123 (—)	—	New construction, acquisitions boosted units in '89. Might merge with Natl. Heritage in late '90; co. would switch from private to public if deal goes through.
302	Casey's General Store Des Moines, Iowa Retail (convenience stores)	45.6** (—)	—	762 (—)	—	C-store chain sheltered from c-storms by its small-town sites: very often the only fast-food player in town. Pizza, chicken, sandwiches make up 23% of non-gas sales.

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Rank '89-'90	Organization Description Location	'89 sales ('89 sales) in \$ millions	% change sales	'89 units ('89 c. '88)	% change units	Comments
303	Dayton Hudson Department Store Co. Minneapolis, Minn. Retail	45.0* (40.0*)	12.5	61 (58)	5.2	Purchase of 24-store Marshall Field chain 4/90 makes DH a true retail fs power. Co. readying a 165-seater in Edina, Minn.; converting some sit-down units for carryout.
304	Southern Foodservice Management Birmingham, Ala. Contract management	45.0 (43.0†**)	4.7	80 (71)	12.7	Introduced Southern Lites nutritional menu program and will make nutrition info available to customers. Adding signature brand cookies, pizza, baked goods. Fy end 9/89.
305	Hamburger Hamlet Sherman Oaks, Calif. Full service (dinner houses)	45.0 (46.0)	-2.2	22 (22)	—	Co. growing again after a lull. 3 Chicago units opening by '91. Looking for locales in Washington, D.C., and more sites in Calif. Opened 1 in '89. AUV \$2.2MM.
306	Sea Galley Stores Inc. Mountlake Terrace, Wash. Full service (seafood)	45.0 (52.0)	-13.5	27 (45)	-40.0	Co-founder and CEO Steven Downen capped wave of departures, replaced by Kim Krieg 4/90. Sold 20 units to Keg Restaurants, Vancouver, to stem losses. AUV \$1.5MM.
307	Velvet Turtle Los Altos, Calif. Full service (dinner houses)	45.0 (53.0*)	-15.1	21 (21)	—	Co. plans no new units in '90, saying it reached market saturation in Calif. 3 yrs ago. Will focus on keeping menu current. AUV \$2.5MM PC: American Restaurant Group.
308	North Carolina State Dept. of Corrections Raleigh, N.C. Institutions	44.8† (37.8†**)	18.5	98 (89)	10.1	8 new serving locations to open this yr. To maintain quality in growing fs area, dept. is revising job descriptions, writing standards and increasing training.
309	New York State Office of Mental Retardation Albany, N.Y. Institutions	44.8† (42.0†)	6.7	17 (17)	—	Provides residential (8,500 beds) and day programs for developmentally disabled. In '89, switched 2 facilities to centralized fs. Co. to renovate 5 facilities in '90.
310	Health Care & Retirement Corp. Toledo, Ohio Health care	44.8†* (43.1†)	3.9	130 (130)	—	Nursing-home chain seeking expansion, at slow but steady pace. Primary market still centered in and around Ohio. PC: Owens-Illinois. Managed 17K beds in '89.
311	I Can't Believe It's Yogurt Dallas, Texas Franchisor (fast food/sweets)	44.6 (40.0)	11.5	291 (228)	27.6	Ambitious yogurt maker plans to add 150-200 stores in '90, some overseas. Joint venture with American Airlines puts yogurt onto select coach flights. PC: Brice Foods Inc.
312	Sands & Co. Inc. Marietta, Ga. Contract management	44.4†* (44.4†*)	—	825* (825*)	—	Fs mgmt co., operating in SE U.S. (mostly Ga., Fla., N.C.), is 70% vending. Management pretty close-mouthed about plans for its contracting division.
313	Country Pride Restaurants Cleveland, Ohio Full service (family dining)	43.7 (50.0*)	-12.6	42 (37)	13.5	Expansion slow. 1 new unit in '89, 1 in '90. Added all-you-can-eat buffets to coffee-shop menu in '89. New in '90: charbroiled fish. AUV \$1.1MM. PC: BP America.
314	Vie de France Corp. McLean, Va. Franchisor (full service/family dining)	43.0 (45.0**)	-4.4	58 (58)	—	Co. opened sous-vide factory 4/90; French sister co. has used technique for 7 yrs. Senior-citizen and mail-employee discounts hike traffic. Best promo: oat-bran muffins.
315	Stouffer Specialty Restaurants Pepper Pike, Ohio Full service (dinner houses)	42.5* (42.0*)	1.2	20 (22)	-9.1	Parker's Lighthouse is co.'s No. 2 growth vehicle, trailing J.B. Winberie's. Plans 1 specialty restaurant in '90: scouting locations in NE. PC: Nestle Ent.
316	K-Bob's Steak Houses Inc. Dallas, Texas Franchisor (full service/steakhouses)	42.0* (54.6*)	-23.1	61 (65)	-6.2	Drastic drop in revenues and business at standstill as result of entering proceedings for Chapter 11. Plans to restructure co.; no specifics available as to how.

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Rank '89	Company Headquarters Business	'89 sales (\$ mil.) or # of units	% change vs. '88	'88 sales (\$ mil.) or # of units	% change vs. '87	Comments
317	Hooters Restaurants Atlanta, Ga. Franchisor (full service/dinner houses)	41.8 (27.0)	54.8	28 (15)	86.7	Co. has pushed up East Coast with 8 co. stores, has 12 franchised units in Ohio Valley—now zeroing in on South and SW. Customer counts up 8% in '89. AUV \$1.6MM.
318	O'Charley's Inc. Nashville, Tenn. Full service (dinner houses)	41.6 (32.0)	30.0	26 (20)	30.0	Under pres and former Shoney's veteran Dave Wattel, co. has grown steadily from 1 unit to 28 in SE. Hopes to reach 100 units within 5 yrs. 8 units opened in '89.
319	Jerry's Subs & Pizza Gaithersburg, Md. Franchisor (fast food/sandwiches)	41.0** (38.0**)	7.9	72 (68)	5.9	Quick-serve sub and pizza chain revised pricing strategy, simplified systems to streamline service. Debuted \$4.99 large pizza dinner special. AUV \$569K. Fy end 3/90.
320	Diversified Hospitality Group Milford, Conn. Full service (family dining)	41.0 (40.0)	2.5	152 (160)	-5.0	Co.-owned Toddle House Restaurants and Steak'n Egg Kitchens started video-training program. Ran monthly promos on healthful dishes, but added fried chicken to '89 menu.
321	Hillsborough County School Board Tampa, Fla. Schools	40.8†** (39.6†**)	3.0	149 (146)	2.1	Offer vs. serve in all schools in '90. Raised prices to balance budget. 3 new serving locations. Added mgr-intern program. 2-week paid, voluntary training program.
322	Helmsley Hotels New York, N.Y. Lodging	40.7* (39.1*)	4.1	15** (15*)	—	While Pres Leona Helmsley appeals her '89 conviction on federal income tax fraud, she no longer appears in co.'s print advertising campaign.
323	Amlac Resorts Inc. Flagstaff, Ariz. Lodging	40.7* (46.8*)	-13.0	21* (24)	-12.5	Co. has no immediate plans to grow from present 7 hotels and resorts. In '89, Stovepipe Wells Village property changed 50-seat restaurant to Italian concept. PC: JMB Realty.
324	U.S. Navy Bureau of Medicine Washington, D.C. Military	40.6† (31.0†)	31.0	32 (31)	3.2	'89 occupied bed days: 947K. Dept. hopes to increase that no. by recapturing "Champus" patients (hospitalized in civilian operations). Meals served up 16%. Fy end 9/89.
325	Two Pesos Mexican Cafes Houston, Texas Franchisor (fast food/Mexican)	40.3 (40.3)	—	28 (30)	-6.7	Mgmt shuffle 1/90 left chmn Marno McDermott with pres duties. At less than 1/2 cost of full-sized unit, new Chiquita Cafe walk-up/drive-thru might be growth vehicle.
326	Texas Dept. of Corrections Huntsville, Texas Institutions	40.1†** (33.7†)	19.0	61 (50)	22.0	Burgeoning system serves 192K meals a day, up 27% from yr ago. Cost accountability still a priority. Also investigating alternative waste-disposal methods. Fy end 8/89.
327	Nutrition Management Services Co. Kimberton, Pa. Contract management	40.0 (—)	—	50 (—)	—	Having sold off vending and B&I divisions and retail restaurants, co. now dedicated to health-care fs and actively seeking acquisitions, according to mgmt. AUV \$800K.
328	Nathan's Famous Inc. Westbury, N.Y. Franchisor (fast food/sandwiches)	40.0** (35.0)	14.3	54** (38)	42.1	Pres/CEO Robert Sherman departed 12/89. Franchising, travel plazas more aggressive. Smaller prototype should attract low-capital franchisees. Fy end 3/90.
329	Hawaii Statewide School System Honolulu, Hawaii Schools	40.0†** (42.6†*)	-6.1	224 (227)	-1.3	Might reorganize to resemble other states: state agency supervising local operations. Small drop in meals served. Most popular menu item: nachos. Will add snacks in '90.
330	Crusty's USA Raleigh, N.C. Franchisor (fast food/pizza)	40.0** (50.0*)	-20.0	109 (175)	-40.0	Ex-Dino's/Crusty's USA organization in Chapter 11, plans 6/90 recovery. Sold all co. units to franchisees, closed 20 underperformers. AUV \$400K. Fy end 4/90.

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Rank '89	Company Headquarters Business	'89 sales (\$ mil.) No. of outlets	% change vs. '88	'88 sales (\$ mil.) No. of outlets	% change vs. '87	Description
331	Unicare Inc. Milwaukee, Wis. Health care	39.8† (36.4†)	9.3	147 (143)	2.8	Acquisitions in Minn. and Fla. expand co. base. Variety of community programs, including Meals on Wheels, keep name prominent, build good will. PC: United Health Inc.
332	Lackmann Food Service Woodbury, N.Y. Contract management	39.3 (37.3)	5.4	48 (45)	6.7	Adding district mgr post to aid mgmt development and execution of promotional programs. Simplifying mgr-information and account-reporting methods. Fy end 6/89.
333	Sonesta International Hotels Corp. Boston, Mass. Lodging	39.1* (37.6)	4.0	30 (28)	7.1	Co. posted net loss of \$2.6MM for '89, compared to net profit of \$395K in '88. 2 Caribbean hotels opened in '89. 1 property to open in '90: Hurghada, Egypt.
334	Nordstrom Inc. Seattle, Wash. Retail	39.0 (—)	—	61 (—)	—	Co. renowned for service suffered much-publicized dispute over overtime. New "Garden Court" concept offers upscale but casual dining featuring new menu items. Fy end 2/90.
335	Taco Tico Inc. Wichita, Kan. Franchisor (fast food/Mexican)	39.0 (36.0)	8.3	113 (115)	-1.7	26-yr-old chain split HQ operations. Corp development, finance and mktg functions are handled in Dallas. Personnel, franchising, etc., come out of Wichita, Kan.
336	Bobby Rubino's Place for Ribs Fort Lauderdale, Fla. Franchisor (full service/barbecue)	39.0 (39.0)	—	18 (20)	-10.0	Repositioning image in S. Fla. with campaign centering on "Honest American Food" theme and participation in events such as Taste of Fort Lauderdale. AUV \$2.4MM.
337	Arctic Circle Salt Lake City, Utah Franchisor (fast food/hamburgers)	39.0 (39.0)	—	99 (100)	-1.0	Franchising again after 9 yrs, co. added 4 units in '89; began accepting credit cards. Pita sandwich, country fried steak, fajita salad added; will expand ice cream offerings. AUV \$380K.
338	Golden Nugget Casinos Las Vegas, Nev. Lodging	39.0** (—)	—	18 (—)	—	Opened 11/89, co.'s \$620MM Mirage Casino Hotel in Las Vegas reportedly must do \$1MM/day in sales to break even. Will it cannibalize co.'s own Golden Nugget Casino?
339	Leiserv Inc. Skokie, Ill. Recreation	38.8* (35.1)	10.5	126* (115)	9.6	Fast-food outlets, primarily in bowling centers, boast \$308K AUV. Alcohol sales, already substantial at \$21MM, boosted by "premium pour" promo. PC: Brunswick Corp.
340	Cinnabon's World Famous Cinnamon Rolls Seattle, Wash. Franchisor (fast food/sweets)	38.5 (25.0)	54.0	124 (100)	24.0	Strong unit growth in '89. Co. to focus on selection and retention of quality management and crew. Price increase planned for '90. PC: Restaurants Unlimited.
341	Casa Olé Restaurants & Cantinas Houston, Texas Franchisor (full service/Mexican)	38.5 (37.0)	4.1	35 (35)	—	Co. improving purchasing systems, beginning controlled growth program. Set up award program for employees with Olé's 3-15 yrs. Began catering in Houston market.
342	Texas Health Enterprises Denton, Texas Health care	38.5† (—)	—	110 (—)	—	400 newcomer taciturn about current and future plans; will only assure that quality health care is in forefront of co.'s mission. Managed 3,500 hospital beds in '89.
343	Ark Restaurants Corp. New York, N.Y. Diverse restaurants (full service/dinner houses)	38.4 (37.9)	1.3	19 (17)	11.8	Diverse metro restaurant co. opened 4 in '89. Bought Warner LeRoy's Potomac to convert to 1,000-seat Sequoia. Expanding America concept to Philadelphia, Boston.
344	U.S. Coast Guard Washington, D.C. Military	38.2† (39.2†)	-2.6	431 (423)	1.9	Reorganized mgmt positions in '89; plans to improve training for entry-level cooks in '90. 13 new serving locations scheduled. Might add more low-fat items.

*R&I estimate. **company est. †commercial equivalent. (A) no comparison with '89 data possible. (B) adjusted method in reporting figures. (C) franchisee sales est. (R) revised.

400: RANKING

Rank '90 ('89)	Organization Headquarters Segment	'89 sales (\$ mil.) in U.S.	% change sales	'89 units ('88 units)	% change units	Comments
345	Pietro's Corp. Linnwood, Wash. Full service (pizza)	38.0 (38.0)	—	80 (80)	—	Co. converted remaining Pizza Havens to Pietro's. A restructuring lightened regional mgrs' loads to 20 stores per. Looking at franchising, more acquisitions.
346	Maid-Rite Products Inc. Des Moines, Iowa Franchisor (fast food/sandwiches)	38.0 (48.5)	-21.6	153 (148)	3.4	Sandwich and burger chain is implementing corp.-wide specifications to improve product consistency. Expanding with units in Ind., Wis.; Ariz. next. AUV \$250K.
347	Everything Yogurt Inc. Staten Island, N.Y. Franchisor (fast food/sweets)	38.0 (50.0)	-24.0	282 (200)	41.0	Kiosks and carts thrive: Newark Airport stand netted \$34K in 7/89. Co. developed premium brand. 80 units to open in '90; strip mall focus to build take-home sales.
348	Penguin's Frozen Yogurt Thousand Oaks, Calif. Franchisor (fast food/sweets)	37.2 (38.0)	-2.1	128 (125)	2.4	Co. switched to on-site owner-operated stores after problems with absentee ownership. Added cold-weather menu items to expand market share. PC: Bongrain S.A.
349	Carlos Murphy's San Diego, Calif. Full service (Mexican)	37.0 (39.0)	-5.1	17 (19)	-10.5	Spinoff talk vanished when traffic rose 5% in '89. Co. adapting to reduced bar sales; dropped pasta, stir-fry for more Mexican, burgers. PC: Paragon Restaurant Group.
350	Phillips Seafood Restaurants Baltimore, Md. Diverse restaurants (full service/seafood)	37.0 (39.8)	-7.0	6 (7)	-14.3	Co. moved to primary suppliers for basic items. Built fish-packing plant in Philippines, began importing seafood from other countries. Avg check \$21.05. AUV \$9.7MM.
351	Corporate Food Services Inc. New York, N.Y. Contract management	36.9* (32.5*)	13.5	50 (44*)	13.6	Contractor was ripe for picking: Bought by Marriott 10/89. Specializes in contract dining for law firms, major banks and corp. accounts in New York area—and vending too.
352	Jerry's Restaurants Lexington, Ky. Full service (family dining)	36.7 (40.5)	-9.4	47 (54)	-13.0	Sold 5/90 to Great American Restaurants, Atlanta, No. 1 Denny's franchisee. New owners to convert 23 co. stores and encourage franchisees to switch, too.
353	Dallas Independent School District Dallas, Texas Schools	36.4†*** (35.0†**)	4.0	184 (184)	—	New nutrition awareness program: "The Healthy Alternative" specialty food bar. Provides "bonus" menu items to up participation. Performance recognition program.
354	T.K. Tripps Inc. Greensboro, N.C. Full service (dinner houses)	36.0* (30.0*)	20.0	24 (21)	14.3	Added 3 Rock Ola Cafe's but no T.K. Tripps in '89. Co. still focusing on Southern expansion—Ga., N.C. and S.C. At least 4 more units to open their doors in '90.
355	Sandwich Chef Inc. Birmingham, Ala. Fast food (sandwiches)	36.0 (32.5)	10.8	140 (172)	-18.6	Most growth in Wall Street Delis in malls and RC Cooper Delis in offices; older units weeded out. New markets: St. Louis and Cincinnati. Fy end 6/89.
356	Valentino's Lincoln, Neb. Franchisor (full service/pizza)	36.0 (34.0)	5.9	41 (40)	2.5	Co. jilting delivery—"too hard to find drivers"—to woo on-premise and takeout patrons. 3-5 units to open this yr in densely populated regions. AUV \$850K. Fy end 3/90.
357	Happy Chef Restaurants Mankato, Minn. Franchisor (full service/family dining)	36.0 (35.0)	2.9	58 (56)	3.6	'89 remodeling drive to continue in '90 along with hiring and training quality mgmt. All-new menu for '90. Best '89 promo: Sausage feast, 4 kinds from 4 countries.
358	Sisters Chicken & Biscuits Rocky River, Ohio Franchisor (fast food/chicken)	36.0 (44.0)	-18.2	61 (58)	5.2	Sisters stayed airborne despite clipped wings from PC Sis Corp.'s bankruptcy filing in '89. Handful of new stores, but sales still fell because AUV dropped to \$675K.

*R&I estimate. **company est. †commercial equivalent. (A) no comparison with '89 data possible. (B) adjusted method in reporting figures. (C) franchisee sales est. (R) revised.

RESTAURANTS & INSTITUTIONS

Rank '90 (199)	Organization Headquarters Address	'89 sales (\$ mil.) (# of units)	% change vs. '88	'89 units ('89 sales)	% change vs. '88	Comments
359	Noble Roman's Inc. Indianapolis, Ind. Franchisor (full service/pizza)	35.7** (33.7*)	5.9	89 (89)	—	Co. following diet set in '88, calling for leaner corp. structure, more push on service and product. Credit card acceptance added in '89. Takeout is 25% of sales. AUV \$500K.
360	Rocky Rococo Pizza Madison, Wis. Franchisor (full service/pizza)	35.1 (40.0)	-12.2	55 (80)	-31.2	Midwest chain developing better way to mix on-premise service with delivery. Future growth in malls. Employee incentive programs to improve service. AUV \$625K.
361	California Pizza Kitchen Beverly Hills, Calif. Franchisor (full service/pizza)	35.0 (—)	—	12 (—)	—	Gourmet pizza chain's 1st appearance on the 400 scene. Co. now has units in Calif., Hawaii, Nev., as well as new operations in Ill., Va. and Ga. 5 more stores expected in '90.
362	King's Family Restaurants McKeesport, Pa. Full service (family dining)	35.0** (32.0)	9.4	22 (21)	4.9	Co. added training dept., passed decision-making to store and area mgrs, introduced yogurt dessert line. New touch-screen POS system on line for '90. Avg check \$3.21.
363	Palm Restaurants New York, N.Y. Diverse restaurants (full service/dinner houses)	35.0 (34.0)	2.9	12 (11)	9.1	Growing cautiously at rate of 1 new unit every 3 yrs. co. debuted 1 unit in Philadelphia in '89. Looking to place new units in Atlanta, Boston, also Japan and Europe.
364	Elmer's Pancake & Steak House Portland, Ore. Franchisor (full service/family dining)	35.0** (35.0**)	—	28 (29)	-3.4	30-yr-old chain in 6 Western states serves lunch and dinner, but big promo is "power" (health benefits) of breakfast. Catered functions for 10 to 100 people. Fy end 3/89.
365	The Original Seafood Shanty Bensalem, Pa. Full service (seafood)	35.0 (35.0)	—	14 (13)	7.7	To widen customer base, added chicken and prime rib to what used to be 100% seafood menu. Extensive employee appreciation program. AUV hits \$3MM. Fy end 9/89.
366	Bresler's Industries Inc. Des Plaines, Ill. Franchisor (fast food/sweets)	35.0 (38.0**)	-7.9	300 (340)	-11.8	Co. strategy includes promo of high-ticket premium line and nonfat "Lite" yogurt. Catering also targeted for expansion. AUV \$150K. PC: Bresler's Industries Inc.
367	CVI Service Group Inc. Plainfield, N.J. Contract management	34.7† (32.4†)	7.1	50 (54)	-7.4	Expansion of Southern university/college division gets serious with opening of Atlanta regional office. Co. computerized accounting dept. functions in '89. Fy end 8/89.
368	Grand American Fare Inc. Santa Monica, Calif. Diverse restaurants (full service/dinner houses)	34.7 (35.0)	-0.9	32 (35)	-8.6	Co. began using customer focus groups for menu revisions and promo planning in '89. Rolling out corp. mktg training program, adding 2 units in '90. AUV \$900K.
369	Skyline Chili Inc. Cincinnati, Ohio Franchisor (full service/family dining)	34.2 (32.0)	6.9	79 (83)	-4.8	Under Pres William Kagler, co. leaving some marginal markets. Testing salads, burritos and garlic bread. Price points raised 2/90. AUV \$400K. Fy end 10/89.
370	Shells Restaurants Tampa, Fla. Full service (seafood)	34.0 (—)	—	25 (—)	—	Co. doubled units in '89, outgrowing roots as small regional chain. Under Chi-Chi's ex-COO Ron Hunt and former Steak & Ale CFO Rick Payne, will add 15-20 more units by '91.
371	Heartthrob Enterprises Chicago, Ill. Full service (dinner houses)	34.0 (—)	—	11 (—)	—	Cash-flow problems have this adult concept stepping carefully, being more selective about sites in future. 4 units to open in '90, co. aiming for 15 high-grossing stores.
372	Spiro's Restaurants Orange, Calif. Full service (dinner houses)	33.8* (33.8*)	—	21 (21)	—	New downsized units have 100-110 seats instead of former 120-180 seat capacity. Chain remodeled 3 units in 1st quarter '90, has plans for 2 more by end of this yr.

*RAI estimate; **company est.; †commercial equivalent. (A) no comparison with '89 data possible. (B) adjusted method in reporting figures. (C) franchisee sales est. (R) revised.

Rank '90	Franchise Description	'89 sales (\$ mil.)	% change sales	'89 units ('89 units)	% change units	Comments
373	Shooters Waterfront Cafes Fort Lauderdale, Fla. Franchisor (full service/dinner houses)	33.7 (25.0)	34.8	6 (4)	50.0	Co. testing 1/2-smaller unit suitable for smaller markets; 1st planned for Texas in '91. Plans 3 Fla. and 1 R.I. unit in '90. PC: Shooters International Inc.
374	LaRosa's Inc. Cincinnati, Ohio Franchisor (full service/Italian)	33.0 (31.2*)	5.8	46 (43)	7.0	Exec changes all in the family: Michael LaRosa new pres; Donald LaRosa still chmn. Co. added low-fat, low-cal menu last fall. Downsizing units, streamlining kitchens.
375	In-N-Out Burgers Baldwin Park, Calif. Fast food (hamburgers)	32.9* (30.0*)	9.7	59 (50)	18.0	42-yr-old drive-thru pioneer drew record crowds at 57th store's debut in San Diego— called in mobile unit to aid service. Family firm hopes to open 5 in '90.
376	Texas Dept. of Mental Health & Mental Retardation Austin, Texas Institutions	32.8† (35.6†)	-7.9	27 (27)	—	Upgrading dining rooms for more homey feel- ing. Some facilities offer buffets, continental breakfasts, banquets. Entire agency involved in "Operation Renew." Fy end 8/89.
377	Michigan State University East Lansing, Mich. Schools	32.7†** (29.4†**)	11.2	37 (35)	5.7	Added all-events bldg. with modern conces- sions system. Expansion of fs into academic bldgs. Will introduce debit card for on-campus use. Hired training chef.
378	Knott's Berry Farm Buena Park, Calif. Recreation	32.2* (31.0*)	3.9	60 (55*)	9.1	Oldest U.S. park offers 3 full- and many quick-service units; opening Camp Snoopy in Bloomington, Minn., hyper-mall in '92, as well as 2 restaurants outside Calif. park.
379	The Hilltop Steakhouse Saugus, Mass. Full service (steakhouses)	32.1 (31.5)	1.9	2 (2)	—	Only independent restaurant in 400 now takes credit cards after 30 yrs of cash-only policy. Planned 3rd store awaits Boston economic upturn. Added appetizers.
380	Royal Fork Buffet Restaurants Boise, Idaho Cafeterias	32.0 (28.0)	14.3	18 (16)	12.5	Expansion points to Canada: expect 1st open- ing there in '90. Cafeteria concept also trying to enter catering side of the business. AUV is \$1.6MM. 4 units to open in '90.
381	Arthur Treacher's Inc. Youngstown, Ohio Franchisor (fast food/seafood)	32.0 (35.0**)	-8.6	97 (94)	3.2	Sold rights to name; products will sell through automated cooking system and proprietary drive-thru concept. Expanding into shopping- mall food courts. AUV \$320K.
382	Rusty Scupper Pepper Pike, Ohio Full service (seafood)	31.5* (32.4*)	-2.8	18 (18)	—	Not one of PC Stouffer Restaurant Co.'s best growth bets. Sales about 60% seafood (esp. grilled). 40% Angus beef. Reviewing service procedures to increase speed.
383	Happy Joe's Pizza & Ice Cream Parlor Bettendorf, Iowa Franchisor (fast food/pizza)	31.1 (28.6)	8.7	78 (82)	-4.9	Execs all smiles about a new concept slated for development this yr, although they're quiet about details. Aggressive off-premise catering program under way. AUV \$400K.
384	Flik International Corp. Mamaroneck, N.Y. Contract management	31.0** (28.0)	10.7	70 (65)	7.7	Fs mgmt co. is growing; hired dirs of opera- tions, training and operational services in '89. Account growth in '90 to center on corp.-dining business. Fy end 6/89.
385	Le Peep Restaurants Inc. Littleton, Colo. Franchisor (full service/family dining)	31.0* (31.0**)	—	66 (70)	-5.7	Breakfast specialist's tests to crack the dinner hour drove up labor, operating costs; 1st quarter fy '91 posted revenue loss. Plans include opening 7 stores, revising menu.
386	La Petite Boulangerie Park City, Utah Franchisor (fast food/sweets)	30.8* (—)	—	117* (—)	—	Results a well-kept Fields secret, as usual. We do know co. has merged concept with cookie stores to form 25 or so combo units, Mrs. Fields Bakery. PC: Mrs. Fields Inc.

*RAI estimate **company est. †commercial equivalent. (A) no comparison with '89 data possible. (B) adjusted method in reporting figures. (C) franchisee sales est. (R) revised

400: RANKING

387	Spectrum Restaurants San Francisco, Calif. Diverse restaurants (full service/dinner houses)	30.5* (—)	—	14 (—)	—	Under new COO Hazem Ouf, co. launched Tutto Mare broiled seafood concept in '89, plans another Prego. Regional menu at MacArthur Park. PC: American Restaurant Group.
388	Tippin's Restaurants Inc. Overland Park, Kan. Full service (family dining)	30.5 (—)	—	17 (—)	—	Plans to open 12 units this yr, 8 in mall food courts, where co. operates 4 units already. Co. reports an increase in customer counts. AUV \$2.2MM; avg check \$6.50.
389	Broward County School Board Fort Lauderdale, Fla. Schools	30.5†** (28.0†**)	8.9	165 (160)	3.1	Choice menus expanded to all elementary schools. Summer school open to all students, not just remedial. Purchased 4 vans to deliver food to small exceptional-child centers.
390	Pappas Restaurants Inc. Houston, Texas Full service (family dining)	30.0* (—)	—	25 (—)	—	A 1st-time 400 member, this private family co. operates 3 concepts: Pappas Seafood, Pappasito's, and Pappadeaux Seafood Kitchen—all but 2 units in Houston.
391	Freshens Yogurt Atlanta, Ga. Franchisor (fast food/sweets)	30.0 (—)	—	170 (—)	—	Drive-thrus new in several strip mall locations. "Say Yes to No" promo introduced nonfat yogurt. Gourmet crepes, sugar-free nonfat yogurt to roll out in '90.
392	Blue Ribbon Services Philadelphia, Pa. Contract management	30.0† (—)	—	65 (—)	—	Co. now well-established in dietary/health-care market, looking to B&I and schools as growth areas. In coming yr, more takeout experiments, joint ventures with chains.
393	RA Restaurant Services New York, N.Y. Contract management	30.0 (—)	—	17 (—)	—	PC Restaurant Associates' contractor provides fs at Metropolitan Opera, New York, The Kennedy Center, Washington, D.C., and other high-toned venues.
394	J.B. Winberie's Pepper Pike, Ohio Full service (dinner houses)	30.0* (27.0)	11.1	30 (30)	—	Citing lack of good sites for retrofits, co. has developed prototype free-standing model. 1st to open in Chicago 9/90. Co. plans 2-3 more in '91. PC: Nestle Ent.
395	The New York Restaurant Group New York, N.Y. Diverse restaurants (full service/dinner houses)	30.0 (27.5)	9.1	6 (4)	50.0	Looking to buy existing concept in '90 to bring under co. wing. Opened 2—La Cité (avg check \$45) and brasserie Grill de la Cité (avg check \$25)—in Manhattan in '89.
396	Fair Lanes Inc. Baltimore, Md. Retail	30.0 (34.9)	-14.0	112 (110)	1.8	Drop explained by sale of 9 British family-style restaurants (\$18MM in '88 sales). Resurgence in strikes and spares hiked sales in bowling alley snack bars.
397	Blake's Lotaburger Inc. Albuquerque, N.M. Franchisor (fast food/hamburgers)	29.6* (28.0)	5.7	75 (73)	2.7	Regional burger power holding steady in SW, but planned 5 store openings in '89 cut back to 2. All units co.-owned, all advertising still done via billboards.
398	Entertainment One Houston, Tex. Diverse restaurants (full service/dinner houses)	29.2 (41.1)	-29.0	22 (34)	-35.3	Remnant of McFaddin Ventures went private under J. Stuart Sargent in '89. Owns Studebaker's, R'n'R USA clubs, manages food court at Houston Intl. Airport. AUV \$1.5MM.
399	Straw Hat Cooperative Corp. Dublin, Calif. Franchisor (fast food/pizza)	29.0 (30.0)	-3.3	76 (82)	-7.3	'89 saw further development of catering, home delivery, community involvement. Will open a unit in Seoul, Korea, plus other foreign markets this yr. AUV \$400K.
400	The C&C Organization Rancho Cucamonga, Calif. Full service (dinner houses)	29.0 (29.4)	-1.4	24 (24)	—	Converting prime rib concept Lord Charley's into contemporary a la carte chop house, Charley's Grill and Pub. Prototype opens in Upland, Calif., in '90. Fy end 9/90.

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400

PART II: Menu Concepts

ABOUT THE COVER

**Product Of
The Year:
Frozen Yogurt**

More Inside! See Page 2

A CAHNERS PUBLICATION

24 R&I EXCLUSIVE: FROZEN YOGURT IS PRODUCT OF YEAR

Sales for the *R&I* 400 stand at \$127 billion, a sweet 8% increase over last year. On the fast-food front, the latest scoop is that frozen yogurt sales are spiraling upward. McDonald's, Baskin-Robbins and the soft-serve specialist, Dairy Queen—whose confection is shown on our cover—see frozen yogurt as America's new counter culture.

55 PIZZA AND PASTA CONTINUE TO BE TOPS WITH PUBLIC

Americans love Italian foods, especially pizza, made for carryout or home delivery. While the big chains—Pizza Hut, Domino's and Little Caesars—refined operations and packaging, regional chains opted for offering unusual toppings. Italian restaurants such as The Olive Garden adjusted their menus for changing seasons.

64 FAMILY DINING OFFERS SOMETHING FOR EVERYONE

Juggling light and healthful menu offerings with hearty ethnic dishes, and increasing customer counts for two target markets—seniors and children—the family-dining segment plays the odds to win.

83 CHICKEN EXPERTS: OUT OF THE FRYER AND INTO THE FIRE

Chicken chains fallen on hard times are cooking up competitive moves. Newly extended menus include salads, sandwiches and sides designed to heat up sales. KFC hopes Hot Wings fly further on second release; Popeyes eyes roasted chicken (later in the year).

105 MEAT 'N' POTATOES BRANDS LIGHTEN MENUS

Steakhouse and BBQ companies work at giving customers menu alternatives while maintaining meat 'n' potatoes traditions. They're promoting seafood, chicken, smaller portions and updated diet plates. Elaborate salad and hot bars have become fixtures for segment leaders such as Sizzler and Ponderosa.

121 MEXICAN SEGMENT GOES FOR WHOLESOME ENCHILADA

As the popularity of Mexican foods spreads, chains are capitalizing on the public's desire for lighter fare by adding more fish, seafood and fresh fruit to the menu. El Torito switched to cholesterol-free cooking oils and added whole-wheat tortillas and light sour cream. Red Onion added American Heart Association-approved entrees.

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400: OVERVIEW

LIGHT MOTIFS

More healthful foods
accent 400 companies' menus and
marketing efforts.

Americans have finally discovered what their mothers knew all along: The key to a healthful diet is balance.

For this rediscovered bit of knowledge, this year's 400 companies are breathing a collective sigh of relief. "We found that people wanted something light, but still satisfying," says Jim Parish, Chili's chief financial officer. This mandate gives the dinner-house chain freedom to add meat or fish to entree salads; to offer a smaller sirloin; and to keep experimenting with desserts.

At Ground Round, the move toward a more balanced menu came not from customers, but from management. "Our menu was dominated by heavy items," says Michael O'Donnell, new president at Ground Round. "To add balance, we introduced a lot of lighter things"—for instance, a grilled seafood salad, baked

stuffed sole and strawberry frozen yogurt.

Ground Round's and Chili's menus show that the key to balance is adding healthful accents to foods, both during the cooking process and at the table. Back-of-the-house tricks include using unsaturated oils such as olive and canola instead of animal/vegetable blends; substituting spices and flavor-infused oils for heavy sauces (especially at the upscale dinner-house chains) and baking and broiling, not frying, chicken and fish. Some examples:

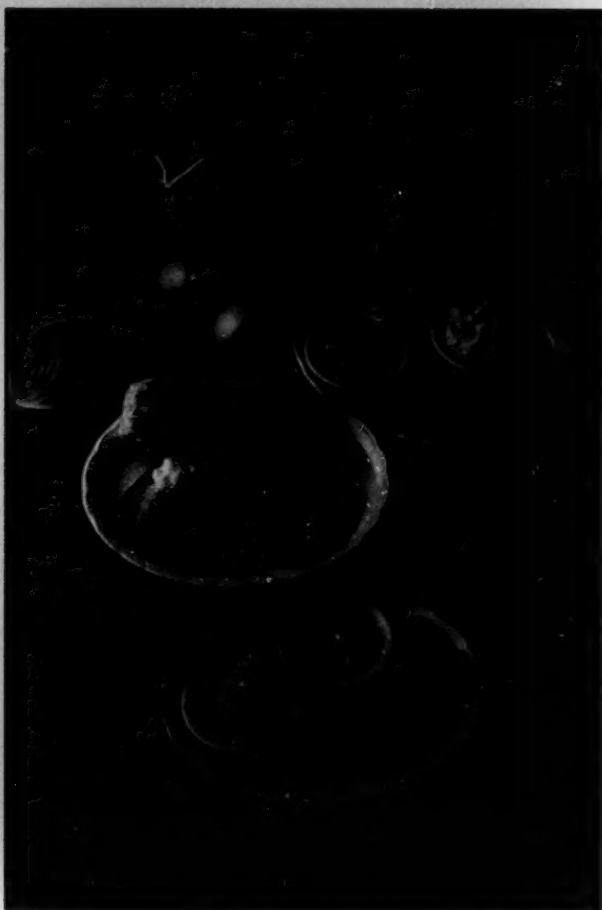
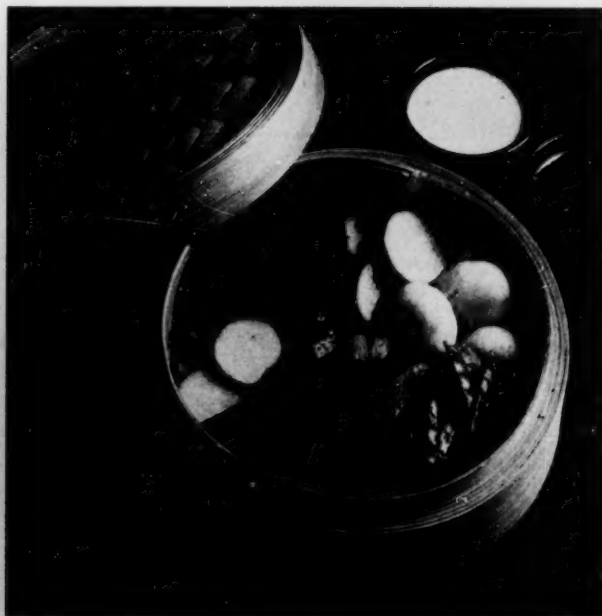
□ El Torito has replaced traditional rice and bean side dishes with fresh fruit on many entrees.

□ Bombay Bicycle Club offers a number of ethnic dishes in varying degrees of "lightness." Japanese soba noodles, for instance, are served with the customer's choice of either vegetables, chicken, steak or shrimp.



& RESTAURANTS INSTITUTIONS

A trio of health-smart products from 100 companies: Dairy Queen's new, fat-free frozen yogurt (left) transforms into sundaes or Breeze mix-in creation; Red Robin's vegetable steamer entree (right) comes as is or with chicken or shrimp; Potfolk's new Hot Off The Grill line (below right) departs from the chain's usual fried fare.



□ Arby's has cut in half the amount of mayonnaise it puts on sandwiches, shaving 100 calories off each one.
□ Stuart Anderson's accompanies all dinners with a family-style salad bowl.
□ Waffle House serves 95% fat-free, low-sodium bacon and cooks in cholesterol-free shortening.

LIGHT LINES

The best example of a light-and-healthy line: Frozen yogurt, 400 Product of the Year, is showing up on menus industrywide.

Dairy Queen introduced fat-free frozen yogurt in about half its stores this spring. The vanilla yogurt is available plain, in sundaes and, most important, as a Breeze, the frozen-yogurt version of DQ's popular Blizzard mix-in ice cream creation. Similarly, Bresler's has expanded its superrich Royale Cremes line with no-fat Royale Lights. Baskin-Robbins' light line includes both lower-calorie and sugar-free dairy desserts.

McDonald's, traditionally wary of food fads, has added frozen yogurt in several hundred stores. It figures prominently in one of the burger chain's new TV ads, "The Good Earth." Low-fat milkshakes and fruit sorbet, in widespread test, also lighten up McDonald's dessert menu.

Companies such as burger chains and family-dining chains, which attract a wide cross-section of the population, are counting calories on entrees as well as desserts. The best way to serve health-conscious guests, they've found, is to list all their healthful selections under one menu banner.

One page of Big Boy's menu lists Health Smart selections, whose protein, carbohydrates, fat, calories, sodium and cholesterol contents are on the last page of the menu. A number of buf-

continued on page 26

400: OVERVIEW

continued from page 25

Family-dining chains seem most eager to present healthful options.

fet items are tagged as meeting its Health Smart criteria as well.

Sirloin Stockade has introduced three new Lite 'n Lean meals, which consist of 3 or 4 ounces of chicken, meat or fish; rice pilaf, steamed carrots and broccoli, and celery and carrot sticks. Each meal has only 350 calories. Bonanza, too, has added a Lighter Fare section to its food bar.

Blimpie, the sandwich chain, has introduced Blimpie Lites, a selection of salads and pita sandwiches, each with fewer than 300 calories.

LaRosa's, the Cincinnati-based pizza chain, has managed to create a light line of Italian fare without using turkey-based meats or cheese substitutes. The chain has cut fat by 50%, cholesterol by 54% and calories by 23% in its light pepperoni pizza, simply by using different proportions of the same ingredients found in fully loaded pizzas, says Stuart Smetts, vice president of marketing at LaRosa's. The

chain has trimmed down its spaghetti dinner and tuna hoagie in a similar way.

Smetts reports that the light line's best customers are not necessarily health nuts or dieters, but families "where Mom has to watch her cholesterol or Dad has to watch his weight." Sales are good, but not great, he says, partly because people don't believe that a pizza made with real cheese can meet strict nutritional guidelines.

To combat this perception, LaRosa's prominently displays brochures that list all pertinent nutrition information for the light items.

MARKETING HEALTH

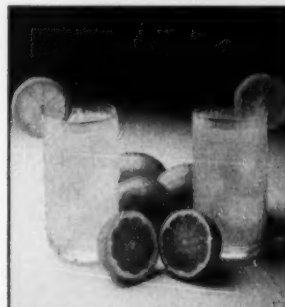
The touchy subject of nutrition brochures was revived last fall, when the watchdog group Center for Science in the Public Interest accused a handful of burger chains of failing to provide customers with nutrition and ingredient information. Shortly after, Phil Sokolof, a former heart patient, fanned those flames

when he accused McDonald's of "poisoning" Americans with too-fatty burgers.

The two incidents seem to have jolted companies into action. This spring, McDonald's announced that all stores will display posters that list salient nutritional data for most foods. Hardee's has introduced The Lean 1, a burger with a total of 18 grams of fat, which the company claims is the lowest among the top four burger chains' offerings. Carl's Jr. cordoned off its healthful menu items onto one side of the menu board.

Adopting and advertising well-known brands of low-cal, low-fat foods has become part of the health marketing strategy. LaRosa's calls out a brand of margarine and a brand of salad dressing by name on the menu. Rax, the sandwich chain, now fries foods in one of the leading consumer brands of all-vegetable shortening—and says so on the menu board. Burger King offers salad eaters a brand of salad dressing advertised to consumers as "all-natural."

To combat the newly raised health consciousness of the commercial companies, institutional players have begun marketing nutri-



Diet lemonade, a light twist on a Chick-fil-A specialty.

tion more aggressively than ever.

This year, The Wood Company will introduce a wellness program, complete with healthful menu selections and their nutritional breakdowns, education materials on healthful lifestyles, and food handling and preparation tips.

Marriott, one of the first contractors to develop a health program, has expanded "Wellness and You" to include programs for schoolchildren. "Vegimal" puppets explain basic nutrition facts to children, who are invited to weigh cardboard cutouts of different foods on an oversize scale to get an idea of what goes into a balanced meal.

ARA has added a few programs to its Treat Yourself Right program, as well. TYR was rolled out last March (National Nutrition Month), and now offers vegetarian, low-cholesterol and kosher meals to both students and faculty on college campuses. "Instead of taking the good stuff off the menu, TYR adds more choices," says Debbie Chilton, ARA administrative dietitian. "TYR shows that portion size and balance are the real criteria of healthy eating—and this can include chili and pizza."

BEEFING UP

For every sensible portion, lean dinner plate and

Howard Johnson's lighter stir-fries attract more dinner guests.



& RESTAURANTS INSTITUTIONS

low-fat dessert on a 400 company menu, there is a fully loaded entree or dessert to balance it out. "People may be conscious of health issues, but they still want to indulge," says Rick Crossland, T.G.I. Friday's president of research and development. At Friday's, chargrilled potato salad (no mayonnaise) headlines the appetizers, while three-layered cookie pie leads the dessert list.

Pizza Hut, currently in the test lab with a lower-calorie pizza, currently lists as its best sellers four Lover's specialty pies, loaded to the top of the crust. Mazzio's pizzas weigh 3 pounds; the chain also advertises its unusual toppings, for example, Mexican and seafood.

Häagen-Dazs, one of the sweets chains that added frozen yogurt this year, also came out with soft ice cream that sports a 16% butterfat content. The ice cream racks up nearly 30% of sales in the stores that offer it.

Big Boy balances out its Health Smart selections with Down Home fare, featuring such dishes as country-fried steak, half-pound ground-round platters and pork loin dinners.

El Torito, busy siding combo plates with fresh fruit, also has added Macho Nachos, an appetizer featuring layers of spicy beef,

chicken, cheese and jalapeño peppers. New mini-chimichangas are laden with cheese and ham bits.

And Ground Round, whose new executives lightened up the menu this year, saved the best for last with a new dessert menu as well. Featured on place mats: mud pie, ice cream chocolate cake roll, triple chocolate ice cream swirled with brownie chunks, and peanut butter mocha pie.

SEGMENTS IN DEPTH

Beginning on the next page is a ranking of the R&I 400 by segment, complete with 1989 sales and units.

In the segment overviews following the ranking, you will find key trends, profiles of the top three companies and others of note, plus details on best sellers, best promotions and what's on tap for the year ahead.

The pie chart that accompanies each profile shows the segment's sales as a percentage of its overall category—commercial (\$102,548.7MM sales) or institutional (\$11,399.8MM sales)—in the 400. The contractors segment is compared with the overall 400 (total sales of \$13,035.4MM) because most of its members are subsidized like institutional foodservice but compete like commercial operations.

—By Lisa Bertagnoli

COMING UP ON 400 MENUS

■ **McDonald's** seems to be throwing menu caution to the wind: In test are fried-fish dinners, breakfast burritos, pizza, pasta platters.

■ **Burger King's** menu plans are demographically driven: More salads will attract more women; specialty sandwiches, teenagers; and breakfast, the "skippers."

■ **Kentucky Fried Chicken** is all but ready to roll non-fried chicken.

■ **Pizza Hut** is busy in the R&D lab with a light pizza. Also, look for more additions to the Lover's line of specialty pies.

■ **Marriott** plans to let its new contract management acquisition, **Corporate Foodservice**, continue carving out its upscale niche.

■ **Hardee's** promises to capitalize on Roy Roger's brisk dinner business and famed chicken dishes when it converts the sandwich shops to burger restaurants.

■ **Taco Bell** has Tacos-To-Go and a pocket taco. On the drawing board: breakfast, now in test.

■ **Arby's** hopes to make a go of its new **Roadhouse Ribs** concept. Its first attempt, **Flourpot Cookies**, failed.

■ **Hilton** is working on multinational menus to accommodate East and West Coast international visitors.

■ **Sizzler** plans to keep remodeling restaurants into Buffet Court scramble ser-vices, working wonders on sales and margins.

■ **Long John Silver's** is finally set to roll its broiled program, after two years.

■ **7-Eleven** is looking to other foodservice companies to run c-store foodservice.

■ **Morrison's Custom Management** expects to increase cash sales 10% with **Fast Takes**, its new takeout.

■ **The Olive Garden** plans to introduce seasonal menus. The first, for this summer, runs until Sept. 4.

■ **United Airlines** will expand seafood and pasta offerings on in-flight meals.

■ **Chili's** plans to keep lightening up the menu, focusing on salads and frozen yogurt.

■ **K mart** hopes to freshen up foodservice by opening **Little Caesars** pizza restaurants in several stores.

■ **Wyatt Cafeterias** is testing a limited-menu concept called Wyatt Express, designed for mall food courts.

■ **U.S. Navy Officer's and Enlisted Club System** will open the first **Parcheezi's**, a pizza and pasta restaurant, on several bases this year.

■ **El Pollo Loco**, the premier broiled chicken chain, plans to broaden appeal with a charbroiled chicken entree salad and sandwich.

■ **Carvel Corp.** hopes to revive some of the chain's classics—for instance, Lalapaloozas and the Flying Saucer.

■ **Omni Hotels** is testing sous-vide products from a number of vendors. Possible uses for the premade meals: room service, lounge and bar meals.

■ **Lettuce Entertain You** is mulling "Best of Lettuce," a takeout store where customers could buy signature restaurant items.

■ **Restaurants Unlimited** hopes to revolutionize cafeterias with **Zoop**, its soup-and-salad concept.

■ **The Houston Independent School District** will rework all recipes this year to increase fiber and lower fat, salt and sugar contents.

■ **Nordstrom** to open more of its new **Garden Court** restaurants, featuring salads and seafood, as the department-store chain expands to Midwest and East Coast.

■ **The Dallas Independent School District** hopes to add the "Healthy Meal Deal," lunch boxes filled with sandwiches, fresh fruit and raw vegetables.



Lite 'n Lean from Sirloin Stockade: 350 calories.

400: RANKING

1. McDonald's Corp.	1	17,333.4	11,162
2. Burger King Corp.	2	5,700.0**	6,051
3. Wendy's Intl. Inc.	6	3,036.0	3,755
4. Hardee's Inc.	7	2,921.3*	3,231
5. Jack In The Box	31	833.9	986
6. Carl's Jr.	45	510.0**	541
7. Sonic Industries Inc.	58	410.0	1,011
8. Whataburger Inc.	75	301.0	438
9. White Castle System Inc.	85	278.4	252
10. The Krystal Co.	119	188.3	231
11. Fuddrucker's Inc.	138	155.0	115
12. Rally's Hamburgers	179	102.0	202
13. Druther's Intl. Inc.	190	97.0	146
14. Arctic Circle	337	39.0	99
15. In-N-Out Burgers	375	32.9*	59
16. Blake's Lotaburger Inc.	397	29.6*	75

1. Marriott Food & Svcs. Mgmt.	5	3,965.0†*	2,390*
2. ARA Svcs. Inc.	10	2,500.0	2,600
3. Canteen Co.	15	1,369.9	1,972
4. Service America Corp.	21	1,100.0	1,500
5. Morrison's Custom Mgmt.	39	580.0**	892
6. Ogden Allied Svcs. Corp.	50	445.0**	1,800
7. The Seiler Corp.	64	376.1†*	487
8. Harry M. Stevens Inc.	103	225.0	40
9. daka Food Service	106	220.0	283
10. ServiceMaster Co.	107	219.0	273
11. Restaura Dining Svcs.	111	200.0	300
12. The Wood Co.	129	172.7	284
13. Sportservice Corp.	130	168.3*	170
14. Concession Air Corp.	134	161.2*	45
15. Club Corp. of America	148	139.5	174
16. Trusthouse Forte Food Svcs. Inc.	161	124.0	505
17. Greyhound Food Mgmt.	186	100.0	120
18. Wometco Food Svcs.	194	91.5	970
19. Professional Food-Service Mgmt. Inc.	196	90.0	134
20. Guest Svcs. Inc.	200	89.3	126
21. Food Dimensions Inc.	205	85.0†	120
22. Valley Innovative Mgmt. Svcs.	215	79.2†	125
23. TretiCo Inc.	216	78.4	107
24. Sanese Svcs. Inc.	238	65.0	62

25. Universal Svcs. Inc.	251	60.0	134
26. Southern Foodservice Mgmt.	304	45.0	80
27. Sands & Co. Inc.	312	44.4†*	825*
28. Nutrition Mgmt. Svcs. Co.	327	40.0	50
29. Lackmann Food Service	332	39.3	48
30. Corporate Food Svcs. Inc.	351	36.9*	50
31. CVI Service Group Inc.	367	34.7†	50
32. Flik Intl. Corp.	384	31.0**	70
33. Blue Ribbon Svcs.	392	30.0†	65
34. RA Restaurant Svcs.	393	30.0	17

1. The Sheraton Corp.	13	1,557.7	1,718
2. Marriott Lodging Div.	17	1,303.6*	662*
3. Hilton Hotels Corp.	22	1,094.0	1,213
4. Holiday Inn Hotels	28	869.0**	2,786**
5. Hyatt Hotels Corp.	29	863.9*	350**
6. Days Inns of America Inc.	38	610.0	951
7. Westin Hotels and Resorts	42	541.1*	495
8. Inter-Continental Hotels Corp.	47	475.0	424**
9. Quality Inns Intl.	57	414.0	897
10. Radisson Hotel Corp.	71	325.0	360
11. Ramada Hotel Group	87	271.9*	117*
12. Hyatt Intl. Corp.	97	242.0	221**
13. Stouffer Hotel Co.	101	227.5*	112
14. Bally Casino Resorts	114	195.5*	29*
15. Embassy Suites	118	190.0	99
16. The Ritz-Carlton Hotel Co.	131	166.1*	42
17. Omni Hotels Corp.	137	159.6	86
18. Red Lion	144	146.0	129
19. Harrah's Casino Hotels	147	140.3	31
20. Caesar's World Inc.	149	139.1	38
21. The Trump Organization	157	129.5*	30*
22. Doubletree Hotels	159	124.9*	100
23. Trusthouse Forte Hotels	180	101.8*	118*
24. Loews Hotels	184	100.0	80
25. Resorts Intl. Inc.	202	87.9	26
26. Princess Hotels Intl.	206	83.9*	34
27. Circus Circus Enterprises	211	81.3	28
28. Prime Motor Inns	225	75.0	78
29. Fairmont Hotel Corp.	239	65.0	23
30. The Registry Hotel Corp.	246	63.0	15
31. The Boyd Group	249	60.7	27
32. Pointe Resorts	270	55.4*	11

*RAI estimate. **company est. †commercial equivalent.

& RESTAURANTS INSTITUTIONS

33. Adam's Mark Hotels	272	55.0	28
34. Showboat Inc.	275	53.7	12
35. Aztar Inc.	290	49.9	47
36. Helmsley Hotels	322	40.7*	15**
37. Amfac Resorts Inc.	323	40.7*	21*
38. Sonesta Intl. Hotels Corp.	333	39.1*	30
39. Golden Nugget Casinos	338	39.0**	18

1. Pizza Hut	4	4,090.5*	7,410
2. Domino's Pizza Inc.	9	2,500.0	5,220
3. Little Caesars Pizza	20	1,130.0	2,700
4. The Olive Garden	52	440.0**	145
5. Pizza Inns	76	300.0**	685
6. Round Table Pizza	79	295.0	551
7. Godfather's Pizza Inc.	104	225.0**	507
8. Shakey's Inc.	110	202.5	371
9. Sbarro Inc.	113	196.0	384
10. ShowBiz Pizza/Chuck E. Cheese Pizza	115	195.5	257
11. Papa Gino's of America Inc.	150	137.0	217
12. Mr. Gatti's Inc.	153	133.0	303
13. Mazzio's Corp.	154	132.0	259
14. Pizzeria Uno Restaurants	213	80.0	63
15. Sir Pizza Intl.	223	75.0	107
16. Peter Piper Inc.	271	55.2*	112
17. The Old Spaghetti Factory	292	48.6	32
18. Crusty's USA	330	40.0**	105
19. Pietro's Corp.	345	38.0	80
20. Valentino's	356	36.0	41
21. Noble Roman's Inc.	359	35.7**	89
22. Rocky Rococo Pizza	360	35.1	55
23. California Pizza Kitchen	361	35.0	12
24. LaRosa's Inc.	374	33.0	46
25. Happy Joe's Pizza and Ice Cream	383	31.1	78
26. Straw Hat Cooperative Corp.	399	29.0	76

1. Denny's Inc.	19	1,284.0	1,342
2. Big Boy	23	1,009.0	924
3. Shoney's Restaurants	30	862.4	680
4. Friendly Ice Cream Corp.	41	560.0**	820
5. Perkins Family Restaurants L.P.	55	423.0	371
6. Intl. House of Pancakes Restaurants	67	359.0	480
7. Bob Evans Farms Inc.	73	310.0	232

8. Waffle House Inc.	84	279.6*	684*
9. Marie Callender Pie Shops Inc.	99	239.0	159
10. Marriott Family Restaurants	100	229.0*	215
11. Village Inn Restaurants	102	227.3	232
12. Bakers Square	105	221.0	161
13. Frisch's	123	181.0	170
14. Country Kitchen Intl.	126	175.4	254
15. PoFolks Inc.	133	163.2	136
16. Cracker Barrel Old Country Store Inc.	146	141.0*	73*
17. Carrow's Restaurants Inc.	163	122.0	106
18. Kettle Restaurants Inc.	164	122.0	188
19. Lyon's Restaurants Inc.	171	110.0**	67
20. Howard Johnson	176	105.0	111
21. Dobbs Houses Inc.	187	99.8†	287
22. Swensen's Ice Cream Co.	192	95.0	279
23. Steak n Shake Inc.	195	90.6	112
24. Eat'N Park Restaurants Inc.	224	75.0	49
25. Huddle House Inc.	241	64.5*	170
26. Stuckey's Corp.	248	61.2	127
27. Au Bon Pain	266	56.0	75
28. Shari's Family Restaurants	283	50.0	45
29. Olga's Kitchen Inc.	286	50.0	53
30. Soup Exchange	294	48.0	31
31. Country Pride Restaurants	313	43.7	42
32. Vie de France Bakery & Cafe	314	43.0	58
33. Diversified Hospitality Group	320	41.0	152
34. Jerry's Restaurants	352	36.7	47
35. Happy Chef Restaurants	357	36.0	58
36. King's Family Restaurants	362	35.0**	22
37. Elmer's Pancake & Steak House	364	35.0**	28
38. Skyline Chili Inc.	369	34.2	79
39. Le Peep Restaurants Inc.	385	31.0*	66
40. Tiffin's Restaurants Inc.	388	30.5	17
41. Pappas Restaurant Inc.	390	30.0*	25

1. Kentucky Fried Chicken	3	5,310.0	7,945
2. Church's Chicken Inc.	43	530.0	1,111
3. Popeyes Famous Fried Chicken	44	525.0	739
4. Chick-fil-A Inc.	90	263.8	411
5. Grandy's	122	181.2	195
6. El Pollo Loco	127	175.0	196
7. Lee's Famous Recipe Chicken	145	145.3	282
8. Brown's Chicken	177	103.0	150

*RAI estimate, **company est.; †commercial equivalent.

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400: RANKING

continued from page 29

9. Bojangles' Corp.	209	82.5*	152
10. Mrs. Winner's Chicken	250	60.3	120
11. Pioneer Chicken Co.	256	60.0*	195
12. Sisters Chicken & Biscuits	358	36.0	61

1. Dairy Queen	11	2,179.0	5,206
2. Dunkin' Donuts Inc.	27	880.0	1,900
3. Baskin-Robbins Ice Cream Co.	36	676.4*	3,351
4. TCBY Enterprises	74	303.0	1,627
5. Carvel Corp.	128	175.0**	700
6. Mister Donut of America	135	160.6	558
7. Braum Ice Cream & Dairy Stores Co.	140	150.4*	230
8. Winchell's Donut House	152	135.0	650
9. Mrs. Fields Inc.	162	123.2*	525
10. Tastee Freez	169	112.0	368
11. Orange Julius	189	97.1	660
12. Fosters Freeze Intl.	191	96.0	182
13. The Haagen-Dazs Shoppe Co.	243	63.5*	275*
14. Great American Chocolate Chip	255	60.0*	300
15. The Original Cookie Co.	261	58.0	250
16. David's Cookies	269	55.5*	375
17. T.J. Cinnamon's Bakeries	295	48.0	191
18. Hot Sam/Corn Dog on a Stick	300	46.0	297
19. I Can't Believe It's Yogurt	311	44.6	291
20. Cinnabon's Cinnamon Rolls	340	38.5	124
21. Everything Yogurt Inc.	347	38.0	282
22. Penguin's Frozen Yogurt	348	37.2	128
23. Bresler's Industries Inc.	366	35.0	300
24. La Petite Boulangerie	386	30.8*	117*
25. Freshens Yogurt	391	30.0	170

1. Sizzler Restaurants Intl.	24	925.0**	652**
2. Ponderosa Inc.	35	687.0	735
3. Bonanza Restaurants	40	588.0	575
4. Western Sizzlin Steak House Inc.	48	465.0	515
5. Golden Corral Corp.	53	431.4	494
6. Ryan's Family Steak Houses	78	295.2	143
7. Quincy's Family Steakhouses	92	263.3	213
8. Tony Roma's—A Place for Ribs	94	260.0*	133
9. Steak & Ale	109	215.0	159
10. Stuart Anderson's	121	185.3*	86
11. Western Steer Family Steakhouses	136	160.2	165

12. Paragon Steakhouse Restaurants	188	98.0	54
13. Sonny's Real Pit BBQ	212	80.7	80
14. Mr. Steak	218	78.0	98
15. Sirloin Stockade Intl.	262	57.3	68
16. Ruth's Chris Steak House Inc.	284	50.0	26
17. Damon's Inc.	285	50.0	38
18. K-Bob's Steak Houses Inc.	316	42.0*	61
19. Bobby Rubino's Place for Ribs	336	39.0	18
20. Hilltop Steak House	379	32.1	2

1. U.S. Army Center of Excellence	14	1,386.0†	936
2. U.S. Navy Food Service Systems	25	904.4†	691
3. Army & Air Force Exchange Service	37	618.2†	2,173
4. U.S.A.F. Clubs Branch	68	355.7†	400**
5. U.S.A.F. Engineering and Svcs. Center	77	295.4†	615
6. Veterans Administration	95	258.2†	172
7. U.S. Marine Corps	96	252.2†	107
8. U.S. Navy Officer's and Enlisted Clubs	125	177.2†	318
9. U.S. Army Commun. & Fam. Support	139	155.0†	571
10. Navy Resale and Svcs. Support	166	117.6†	569
11. U.S.M.C. Morale, Welfare & Rec.	232	69.2†	300
12. Veterans Canteen Service	257	59.9†	172
13. U.S. Army Medical Dept.	299	46.6†	50
14. U.S. Navy Bureau of Medicine	324	40.6†	32
15. U.S. Coast Guard	344	38.2†	431

1. Bennigan's Restaurants	49	459.0	223
2. TGI Friday's Inc.	59	400.6	145
3. Chili's Inc.	65	371.3*	194*
4. The Ground Round Inc.	93	262.7	196
5. Houlihan's	117	190.2	69
6. Specialty Restaurants Corp.	124	178.5*	66
7. Ruby Tuesday	132	166.0**	100
8. Brown Derby Inc.	141	149.5	53
9. Applebee's Neighborhood Grill & Bar	142	147.7	113
10. Chart House Restaurants	156	131.4	60
11. Red Robin Intl.	160	124.0	58
12. J.B.'s Restaurants Inc.	172	109.4	119
13. Prufrock Restaurants	193	93.6*	70
14. Benihana of Tokyo	197	90.0**	49
15. Lettuce Entertain You Enterprises Inc.	204	85.0	26
16. Houston's Restaurants	207	83.8	19

*R&I estimate, **company est.; †commercial equivalent.

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400: RANKING

continued from page 32

17. Bill Knapp's Michigan Inc.	219	77.5*	62
18. The Levy Restaurants Inc.	231	70.0	35
19. Charlie Brown's	237	65.0	33
20. Trans/Pacific Restaurants Inc.	240	65.0	36
21. Restaurants Unlimited	242	64.0	21
22. Magic Pan	244	63.0	48
23. Bombay Bicycle Club	247	61.3	51
24. Hard Rock Cafe America	260	58.1*	8
25. Bobby McGee's USA Inc.	274	55.0	19
26. Restaurant Associates	277	52.4	21
27. Creative Restaurant Mgmt.	278	51.5	21
28. Trader Vic's	279	51.0**	18
29. Hamburger Hamlet	305	45.0	22
30. Velvet Turtle	307	45.0	21
31. Stouffer Specialty Restaurants	315	42.5*	20
32. Hooters Restaurants	317	41.8	28
33. O'Charley's Inc.	318	41.6	26
34. Ark Restaurants Corp.	343	38.4	19
35. T.K. Tripps Inc.	354	36.0*	24
36. Palm Restaurants	363	35.0	12
37. Grand American Fare Inc.	368	34.7	32
38. Shells Restaurants	370	34.0	25
39. Heartthrob Enterprises	371	34.0	11
40. Spire's Restaurants	372	33.8*	21
41. Shooters Waterfront Cafes	373	33.7	6
42. Spectrum Restaurants	387	30.5*	14
43. J.B. Winberie's	394	30.0*	30
44. The New York Restaurant Group	395	30.0	6
45. Entertainment One	398	29.2	22
46. The C&C Organization	400	29.0	24

1. USDA Food & Nutrition Svcs.	8	2,757.9†	91,493
2. Calif. Dept. of Corrections	96	240.0†	202
3. U.S. Dept. of Justice, Federal Prisons	173	108.8†	60
4. N.J. Dept. of Human Svcs.	181	100.8†	16
5. Calif. Dept. of Rehabilitation, B.E.P.	185	100.0†	260
6. N.Y. State Dept. of Correctional Svcs.	196	89.6†	65
7. Fla. Dept. of Corrections	199	89.6*†	103
8. N.Y. State Office of Mental Health	217	78.4†**	32
9. Mich. Dept. of Corrections	228	70.7†*	45
10. Ohio Dept. of Rehabilitation & Correction	229	70.4†	25
11. N.J. Dept. of Corrections	235	66.4†	65
12. Penn. Dept. of Public Welfare	268	55.8†	36

13. Calif. Dept. of Developmental Svcs.	282	50.4†**	11
14. Penn. Dept. of Corrections	296	47.6†	34
15. N.C. State Dept. of Corrections	308	44.8†	98
16. N.Y. State Office of Mental Retardation	309	44.8†	17
17. Texas Dept. of Corrections	326	40.1†**	61
18. Texas Dept. of Mental Health	376	32.8†	27

1. Taco Bell	12	2,129.5*	3,125
2. Chi-Chi's Inc.	54	430.5	208
3. El Torito Restaurants Inc.	63	379.0	180
4. Del Taco Inc.	108	216.0*	350
5. Taco John's	158	125.1	446
6. El Chico Corp.	168	112.0	90
7. Taco Time	201	89.0	309
8. Garcia's Mexican Restaurants	214	79.4	48
9. Taco Villa Inc.	226	75.0	148
10. Acapulco Restaurants	233	68.0	41
11. Pancho's Mexican Buffet Inc.	245	63.0	63
12. Taco Bueno	263	56.7*	110
13. Red Onion Restaurants	287	50.0**	15
14. Two Pesos Mexican Cafes	325	40.3	28
15. Taco Tico Inc.	335	39.0	113
16. Casa Ole Restaurants & Cantinas	341	38.5	35
17. Carlos Murphy's Restaurants	349	37.0	17

1. Arby's Inc.	18	1,300.0	2,247
2. Subway	32	800.0	4,091
3. Roy Rogers	60	400.0*	638*
4. Rax Restaurants Inc.	69	334.6	492
5. A&W Restaurants Inc.	112	199.2	668
6. Intl. Blimpie	165	120.0	350
7. Wienerschnitzel	170	111.0	288
8. Togo's Eatery	254	60.0	129
9. Carousel Snack Bars of Minnesota	264	55.5	275
10. Schlotzsky's Inc.	273	55.0	245
11. Jerry's Subs & Pizza	319	41.0**	72
12. Nathan's Famous Inc.	328	40.0**	54**
13. Maid-Rite Products Inc.	346	38.0	153
14. Sandwich Chef Inc.	355	36.0	140

1. Red Lobster	16	1,360.0**	461**
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*RAI estimate, **company est.; †commercial equivalent.

continued on page 44

400: RANKING

continued from page 38

2. Long John Silver's Seafood Shoppes	33	783.1**	1,490
3. Captain D's Restaurants	61	392.0	607
4. Skipper's Inc.	182	100.7	210
5. Rusty Pelican Restaurants	183	100.0	35
6. C.A. Muer Corp	259	59.0	17
7. L&N Seafood Grill	276	52.8**	24
8. Legal Sea Foods Inc.	288	50.0	7
9. Sea Galley Stores Inc.	306	45.0	27
10. Phillips Seafood Restaurants	350	37.0	6
11. The Original Seafood Shanty	365	35.0	14
12. Arthur Treacher's Inc.	381	32.0	97
13. Rusty Scupper	382	31.5*	18

1. Caterair Intl.	26	900.0	100
2. Dobbs Intl. Svcs.	51	442.1*	51
3. Sky Chefs Inc.	56	415.0†	41
4. United Airlines	62	383.2†	14
5. Trans World Airlines Inc.	89	267.0†	3
6. Northwest Airlines Inc.	174	107.2†	60
7. Amtrak	252	60.0	350

1. 7-Eleven	34	726.5**	7,000*
2. K mart Corp.	70	328.0	1,737
3. Wal-Mart Stores	86	273.8*	1,095
4. Circle K Stores	91	263.4*	4,674
5. F.W. Woolworth Co.	143	146.9**	755**
6. Wawa Inc.	236	65.0	460
7. Target Stores Inc.	253	60.0*	403
8. McCrory Stores	258	59.8**	316
9. Emro Marketing	289	50.0	860
10. Convenient Food Marts	297	47.3*	1,000
11. Casey's General Store	302	45.6**	762
12. Dayton Hudson Department Store Co.	303	45.0*	61
13. Nordstrom Inc.	334	39.0	61
14. Fair Lanes Inc.	396	30.0	112

1. Morrison Family Dining Div.	66	368.0**	175
2. Piccadilly Cafeterias Inc.	72	320.0**	145
3. Luby's Cafeterias Inc.	80	291.5	127
4. Furr's/Bishop's Cafeterias L.P.	81	291.0	156
5. Wyatt Cafeterias Inc.	116	192.0	121

6. Old Country Buffets	167	115.4	78
7. King's Table Buffets	203	85.0	83
8. K&W Cafeterias Inc.	267	56.0	23
9. MCL Cafeterias	293	48.3	27
10. Royal Fork Buffet Restaurants	380	32.0	18

1. National Medical Enterprises	83	280.0†	658
2. Beverly Enterprises	88	268.8†*	885
3. Hospital Corp. of America	151	135.7†*	131
4. Daughters of Charity Health Systems	175	106.4†	40
5. Humana Inc.	178	102.8†	84
6. American Medical Intl. Inc.	220	76.7†*	69
7. National Heritage Corp.	221	75.8†*	221
8. Adventist Health System	222	75.8*†	138
9. Health Trust Inc.	227	72.8†*	90
10. Manor Health Care	234	67.2†	158
11. N.Y. City Health & Hospitals Corp.	280	50.9†	17
12. Evangelical Lutheran	298	47.0†	204
13. Life Care Center Corp.	301	45.8*	123
14. Health Care & Retirement Corp.	310	44.8†*	130
15. Unicare Inc.	331	39.8†	147
16. Texas Health Enterprises	342	38.5†	110

1. N.Y. City Board of Education	82	282.8†**	1,247
2. Los Angeles Unified School District	120	186.9†*	684
3. Chicago Board of Education	155	131.5†*	603
4. Dade County Schools	230	70.0†**	292
5. Houston Independent School District	265	56.4†**	227
6. Detroit Public Schools	281	50.4†**	261
7. School District of Philadelphia	291	49.3†**	262
8. Hillsborough County School Board	321	40.8†**	149
9. Hawaii Statewide School System	329	40.0†**	224
10. Dallas Independent School District	353	36.†**	184
11. Mich. State University	377	32.†**	37
12. Broward County School Board	389	30.†**	165

1. Walt Disney Co.	46	490.0	206
2. Six Flags Corp.	208	83.2*	350*
3. HBJ Parks Inc.	210	82.1*	93
4. Leiserv Inc.	339	38.8	126
5. Knott's Berry Farm	378	32.2*	60

*NAI estimate, **company est.; †commercial equivalent.

400: BURGERS

BURGER CHAINS WAGE BATTLE ROYAL IN A CHANGING MARKET

All's fair as chains mix it up in an all-out war for new customers.

Peace might have made the headlines on this year's front pages, but back among the fast-food ads, the hamburger wars grew hotter than ever. Not in years have so many major burger chains slugged it out so hard on so many fronts at once: products, prices, promotions, technology, service and dayparts.

The prize is market share, measured in fractions of a percentage point now that the burger segment is so thoroughly saturated. To win that extra inch of ground, the big national chains now must be prepared to take on all comers from all segments.

At the same time, the national burger names must fend off ambush from re-

gional players with superior knowledge of individual markets. And they must always be on guard against the price sniping of double-drive-thrus. Rally's entry to the 400 ranks proves the efficacy of doing a simple thing very well—and very inexpensively.

Miami-based Burger King's onslaught has been the most ambitious: The company is pinning turnaround hopes on a spectrum of new items, including the successful BK Broiler chicken sandwich, strong promotions around hit children's movies and a heavy response to the BK Kids' Club. McDonald's made big news too, primarily for something that hasn't happened yet. A multiple-market test of dinner-time pizza

drew attention to the company's desire—according to outsiders, its *need*—to build evening business.

A number of chains turned their attention to breakfast. Chattanooga, Tenn.-based Krystal debuted an egg, cheese and sausage sandwich called the "Sunriser" and a blueberry muffin, leading to a 25% jump in breakfast sales. Whataburger, based in Corpus Christi, Texas, introduced blueberry and bran muffins and began testing biscuits. McDonald's and Burger King both introduced muffins; Carl's Jr. added a French Toast Dip and is planning a breakfast burrito for the early menu; Hardee's made pancakes an optional a.m. item.

Nor did chains neglect the famous "other" meal: the snack. Burger King, Carl's Jr. and Jack In The Box all added finger foods in hopes of catching the customer who wants just a nosh.

Other segment trends were less benign. Last summer, the big names in burgers came down with a bad case of discounting that hung on through most of the year. Though figures for the whole segment are not available, discounting at the top five burger chains is said to have reached the 18%-to-25% range before moderating in early 1990.

MCDONALD'S CORP. \$17,333.4MM

It's been a tough year for the Mighty Mac. Same-store domestic sales growth has slowed to 1.6% in stores open for a year or more; adjusted for price increases, that means a sales decline of



Colorful packages make BK offerings memorable.

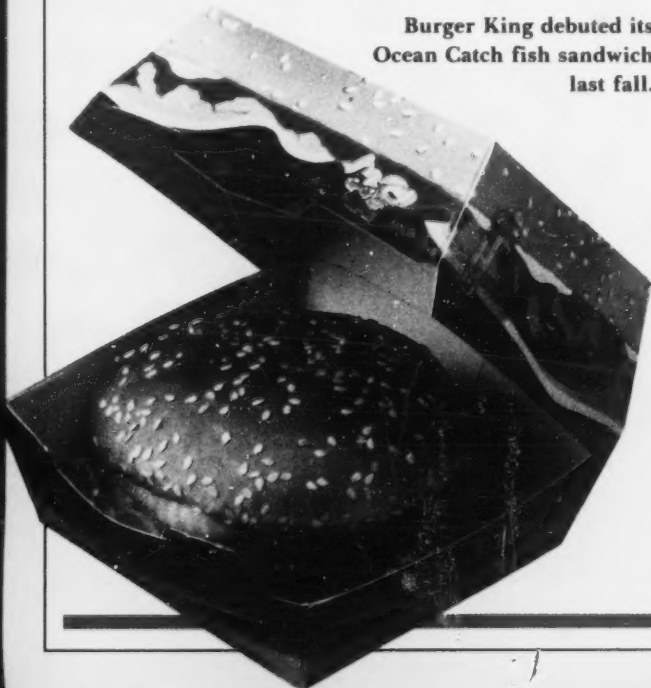
about 2.5%. While tremendous international growth allowed McDonald's total '89 sales to power ahead, the top burger chain has found flat U.S. sales distressing enough to mount a host of traffic-building initiatives. Both the McRib pork sandwich and the Cheddar Melt cheeseburger reappeared as limited-time promotional products, along with a new item this spring, Western Omelet McMuffins. McDonald's has often used such short-term menu additions to stimulate customer interest; but both the company and its observers agree that it will take more than a six-week special to energize sales again. Nor will the breakfast rollouts of apple bran muffins and cold cereal with fat-free milk do much to bolster same-store sales.

McDonald's is hoping to tap into some major new market with growth potential, much like the quick-service breakfast that it pioneered in the early '70s. But where is the new Egg McMuffin?

Possibly in the pizza oven. McDonald's pizza test, suspended in 1987, came back strong last fall. In its present incarnation, the McDonald's Pizza is a 14-inch, eight-slice pie in four varieties—cheese, sausage, pepperoni and deluxe—and is sold only after 4 p.m. for prices ranging from \$6 to \$9.49. By year's end, the test pizzas will be available in some 200 McDonald's units.

The question is not if

Burger King debuted its Ocean Catch fish sandwich last fall.



& RESTAURANTS INSTITUTIONS

pizza will become part of the permanent menu, but *when*. The company is known for taking years to complete product tests, and this one is trickier than most. McDonald's estimates that equipping an average unit for pizza production will run \$35,000 to \$40,000, including equipment and the cost of such modifications as widening the average drive-thru window to accommodate the pizza box. Most analysts agree that McDonald's won't be ready to roll out pizza nationally for at least another year.

When it does finally appear nationally, the success of pizza at McDonald's is far from assured. True, the company has more marketing clout than any other in foodservice. And competitor Pizza Hut has taken the chain's pizza efforts seriously enough to counter-advertise in McDonald's test markets. But fast-food breakfast was a wide-open market in the early '70s; pizza, on the other hand, is a jungle of competition. By stepping into that arena so late, McDonald's will be taking on some well-established market leaders. Besides, the company designed by Ray Kroc to "grind it out" assembly-line style will now be obliged to finish pies in four varieties and will run the risk of slowing down service.

Other recent tests have also involved possible dinnertime menu items. A few Dallas and Houston stores tried a bone-in fried chicken product, while others in northern California sampled a marinated chicken-breast sandwich. For a few months, four Milwaukee units sold a three-piece "McFish Fry" after 4 p.m. And half a dozen Pennsylvania restaurants are experimenting with four varieties of pasta in the evening hours, from spaghetti with meatballs for \$1.99 to lasagna for \$3.69.

BURGER KING CORP.

\$5,700.0MM**

Burger King gets much of the credit for turning up the flame broiler under the burger wars. The former hard-luck chain finally got started on a badly needed turnaround soon after its sale to Grand Metropolitan PLC was complete in January '89. Almost immediately, CEO Barry Gibbons pledged to re-examine the whole menu and to upgrade service and maintenance standards "to create a positive, memorable experience."

That announcement set off a stream of product rollouts and promotions that made the 400's long-time No. 2 chain look like an innovator again, rather than an imitator. The strategy behind these tactics has been, first, to raise Burger King's profile by broadening its customer base to include more kids and women, while holding on to teens. Second, the company wants to develop memorable branded products with identities as clear as the competition's Big Mac and McDLT.

Last fall, Burger King kicked off its new ad campaign with its line of BK

Doubles, two-patty combinations with bacon, mushrooms, and Swiss, cheddar and jalapeño cheese. These are standardized items with a customized feel; as such, they suited Burger King's effort to recall the "Have It Your Way" days when customer service was a selling point.

Another rollout involved a reformulation of the old Chicken Tenders breast strips, this time in a heavier, crunchier batter coating. The new item was renamed "Chicken Pick 'Em Ups" and sold six or nine to a box, with one of five sauces. Burger King advertised the product, and a seafood companion item made from cod fillets, as both a meal and a snack item. Both the Pick 'Em Ups and the BK Doubles use colorful, readily identifiable, product-specific packaging; boxes for the Pick 'Em Ups line are more cartoons than cartons.

Probably the most successful Burger King rollout to date has been the BK Broiler, the company's 3-ounce chicken breast sandwich. The fillet is flame-broiled and comes with lettuce, tomato and sauce for

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Carl's Jr.'s burritos tap into teen* and takeout.

HAMBURGERS ('88-'89)
Avg. sales growth 5.5%
Avg. unit growth 2.8%

\$31,996.8MM
31.2%



TOP TRENDS

- Increased attention to dayparts other than lunch. Breakfast becomes a battleground again and chains look for ways to draw customers after sundown.
- Menus get broader again after years of "stick-to-your-knitting" sermonizing. McDonald's pizza tests make it respectable to cross segment boundaries—if it is done well.
- Heavy reliance on off-premise sales. Finger foods are hot as snacks and meals.
- Speed, service as competitive advantages, from debit cards and touch-screen menus at the counter to high-tech drive-thrus.
- Combative commercials and increased ad budgets. Chains that can afford to outspend their rivals, will.

BEST SELLERS

- Hardee's: Big Deluxe hamburger
- Jack In The Box: Grilled Sourdough Burger
- Druthers: Breakfast sandwiches
- Arctic Circle: Bacon Burger, ice cream

A complete ranking of the 400 by segment begins on page 28.

400: BURGERS

continued from page 49

Top chains are trying to revive sales growth by tapping into new markets.

prices from \$2.09 to \$2.29. The product was initially aimed at women and children; but at sales of 1 million BK Broilers a day, it's clear the item has general appeal, partly for its aura of health. It also illustrates the vulnerability of giant McDonald's to quick, decisive product development. Burger King rolled the Broiler after only four months' test marketing, gaining a sizable market advantage on McDonald's, whose nonfried chicken sandwich is way back in the testing pipeline.

Burger King has also targeted women diners with efforts to reinvigorate its packaged salads, which account for only about 3% of total sales. The salads are now sold in larger packages and come with one of six varieties of dressing under the brand name licensed by actor Paul Newman.

Other, smaller tests and rollouts also pick up on the branding tactic. Company stores in Boston, Dallas and Columbus, Ohio, tested Häagen-Dazs premium ice cream as dessert. (Häagen-

Dazs is a sister Grand Met company.) Next on the menu for overhaul: breakfast, marketed as the A.M. Express. The company has already swapped the Danish pastries it used to sell for six-packs of blueberry, apple raisin and lemon Mini Muffins. Burger King is also considering extending breakfast service on weekends to fit customers' more leisurely pace.

WENDY'S INTERNATIONAL INC. \$3,036.0MM

Under CEO James Near, Dublin, Ohio-based Wendy's has been forced to focus on the cost side of its business as much as on menu modifications. Operating costs have been reduced, with staff cuts at headquarters and programs to slow employee turnover. In addition, the company's disastrous discount rate of 6% in fiscal '89 declined to about 1.6% in fiscal '90.

The biggest rollout of the year was the Wendy's Super Value menu. This module offers oversized "Biggie" drinks and fries and down-



Jack In The Box Ham and Turkey Melt has adult appeal.

sized sandwiches such as the Junior Bacon Cheeseburger, many priced at 99 cents. The Super Value menu has boosted transaction counts at many stores, but the question remains: Can Wendy's preserve profit margins in the face of rising food costs with a menu that emphasizes low-priced items?

HARDEE'S INC. \$2,921.3MM*

Menu initiatives at Rocky Mount, N.C.-based Hardee's were overshadowed by the chain's purchase of 600 Roy Rogers units from Marriott Corp. The aftermath of that buyout will probably engage most of Hardee's attention this year, too, as the chain goes about absorbing Roy Rogers by conversion.

Still, Hardee's made some time for new rollouts. The Lean 1 is a new hamburger that Hardee's claims has less fat than any other sold by a major chain. As usual in this hotly contested market, that claim was immediately disputed: Wendy's announced that its Single had 15 grams of fat to The Lean 1's 18 grams.

JACK IN THE BOX \$833.9MM

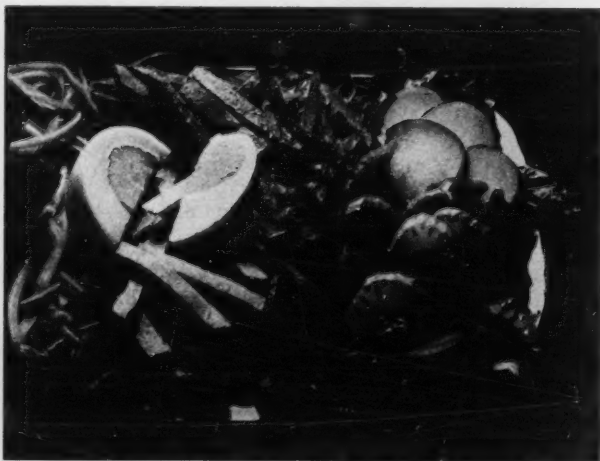
It was business as unusual at San Diego-based Jack In

The Box, the chain that prides itself on offering diverse, offbeat "adult fast food." New additions to the menu include a Ham and Turkey Melt served with hot mustard on grilled sourdough bread for \$2.55. On the dessert side, the chain now offers Double Fudge Cake—an individually wrapped wedge of chocolate cake with chocolate icing and whipped cream topped with chocolate sprinkles that sells for \$1.09.

CARL'S JR. \$510.0MM**

Anaheim, Calif.-based Carl's Jr. is targeting the nutritionally minded among its Western customer base by assembling some existing items into a "Lite Menu" for calorie counters and cholesterol watchers. The products include Carl's charbroiled barbecue chicken sandwich and charbroiled chicken salad, five varieties of stuffed potato, two sizes of packaged garden salad and the Carl's Jr. salad bar. The new Jr. Crisp Burrito, sold with dipping sauce in packages of three or five, plays to Carl's traditional strength among snacking teens and travels well enough to be a popular takeout item.

—Brian Quinton



Salads lighten up menus across the segment.

400: PIZZA

'HEAVY SPEC' AND LIGHT TOPPING TREATMENTS WIN CUSTOMERS

Pizza and pasta innovations keep segment growing at a fast pace.

to quote Olive Garden President Ron Magruder quoting playwright Neil Simon: "There are two rules in the universe: The law of gravity and everybody likes Italian food."

Pizza and Italian chains in this year's 400 can vouch for at least the second of Simon's rules. Although no chains have reported any floating Parmesan cheese shakers, several say it's harder to get customers to stay in their seats for an on-premise pizza. As far as Italian fare goes, pizza of any kind will do, as long as it's thin-crust or pan, meat- or cheese-laden, and made for carryout and delivery.

The top three chains—

Pizza Hut, Domino's and Little Caesars—are focusing not so much on new products as on refining the basics: Domino's designed a new delivery box, and Pizza Hut continues to roll out new versions of its premium Lover's line. Regional chains have made a niche out of unusual toppings: Mazio's menu lists seafood and Mexican pizzas, while Pietro's Great Northwest pizza is topped with locally made cheese and sausage.

The chains offering more than pizza have moved to a more sophisticated side of Italian dining. The Olive Garden, for instance, added the surprise of walnuts and green onions to its new Sicilian fruit salad. Pizzeria Uno

responded to patrons' demand for more non-pizza entrees with Chicken Frommaggi, a boneless breast baked with four kinds of cheese and fresh tomato.

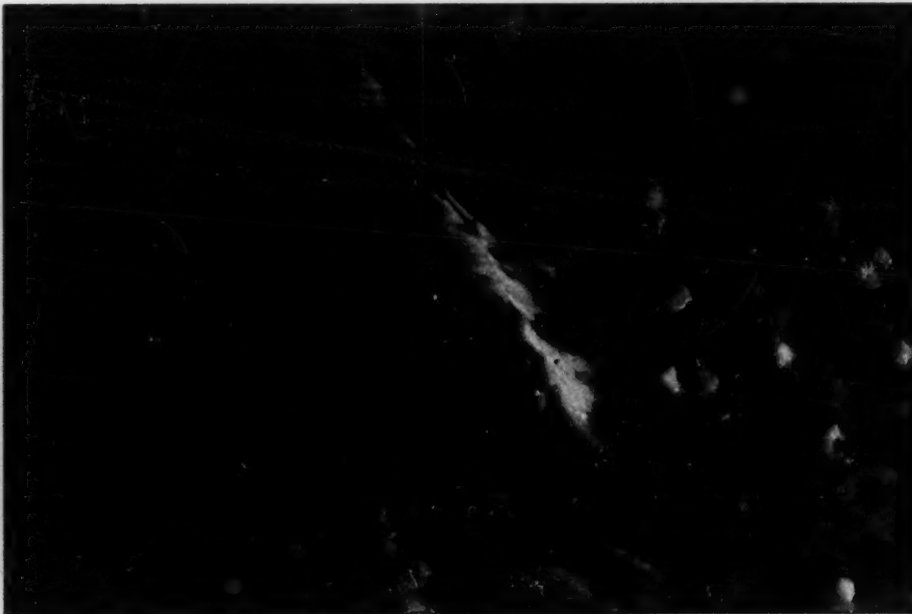
PIZZA HUT \$4,090.5MM*

Pizza Hut executives say they're in love with their Lover's: Simply by piling on ingredients, they can create a new, promotable menu item without adding equipment, employees or another training manual. The line—Cheese Lover's, Pepperoni Lover's, Meat Lover's and Sausage Lover's—features pan pizzas heavily loaded with the namesake ingredient.

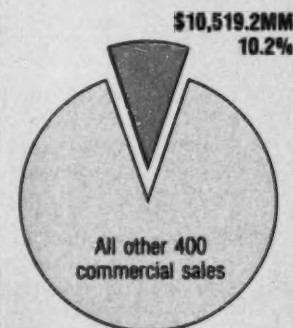
Since Pizza Hut has the Lover's line down pat, the chain can concentrate its biggest growth vehicle, restaurants devoted entirely to

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Pizza Hut's Cheese Lover's Pizza, one of four in the Lover's line of pies.



PIZZA/ITALIAN ('88-'89)
Avg. sales growth 6.0%
Avg. unit growth 0.6%



TOP TRENDS

- Mixed feelings on delivery: Some companies open delivery-only units, while others try to keep customers in the stores.
- Back to basics on flavors, as operators come up with creative variations on pepperoni and sausage.
- Pasta dishes and other items add diversity to some menus, but the top three players stick with pizza.
- Product-driven promotions come back into style, now that two-for-one pricing is here to stay.

COMING UP

- New lower-calorie, lower-fat pizzas
- More testing—and rolling out—of credit-card acceptance programs
- Off-premise catering via mobile kitchens and deluxe delivery trucks
- A small delivery backlash, resulting from high insurance costs and a dearth of qualified drivers

A complete ranking of the 400 by segment begins on page 28.

400: PIZZA

continued from page 55

Pizza Hut and Mazzio's make big gains with new lines of topping-heavy pies.

takeout and delivery.

Other menu news: Pizza Hut is working on a "light" pizza, but won't give details on how far along the product is. The Wichita, Kan., company restaurant offers two pasta dishes, but spokesman Roger Rydell dismisses the obvious question with a smile. "We're looking at pasta" is his only comment.

DOMINO'S PIZZA INC.

\$2,500.0MM

Domino's prefers "to concentrate on the things that made us what we are—pizza and Coke," says Tim McIntyre, a spokesman for the Ann Arbor, Mich.-based chain. Indeed, menu experiments—such as a mozzarella and Cheddar cheese pizza topped with broccoli, carrots and cauliflower, are confined to the company's in-house delivery program,

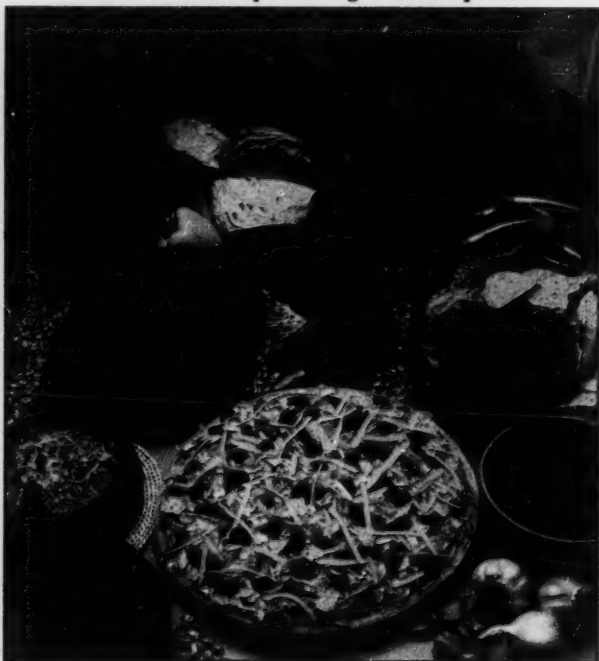
which promises pizza on the employee's desk within 30 minutes.

Pan pizza, 1988's new product introduction, is not moving as well as the company would like, McIntyre says. To beef up pan sales, the chain offered a \$2,000 incentive to the company store salesperson who sold the most pan pizza.

Most innovations come from the chain's franchisees. A half-dozen or so franchisees deliver to hotels. Hotel guests place their Domino's order through room service, and their order is delivered by room-service personnel as well.

Another half-dozen franchisees operate mobile trucks that take Domino's pizzas to sports events, carnivals and other public gatherings. Still others offer pizza by the slice, a program

Mazzio's Mexican pizza weighs in at 3 pounds.



New offerings account for 25% of Olive Garden's sales.

franchisees asked for several years ago but were denied, McIntyre says.

LITTLE CAESARS PIZZA

\$1,130.0MM

At Little Caesars, the emphasis is on regional products, says Chris Ilitch, corporate director of operations for the Chicago market. The chain's 206 Chicago-area stores rolled out hot-dog pizza this spring, a combination "that combines two of the Windy City's favorite foods," Ilitch says.

Unlike Domino's, Farmington Hills, Mich.-based Little Caesars is pleased with pan pizza sales.

THE OLIVE GARDEN

\$440.0MM**

In June, The Olive Garden introduced its first full summer menu. New salads available until Sept. 4 include Sicilian fruit salad with green onions and walnuts and a topping of honey-mustard dressing (\$4.95), and cheese and egg tortellini with tomatoes and mozzarella (\$4.75). Summer dinner offerings include spaghetti carbonara (\$7.50) and chicken Florentine (\$8.50).

For the rest of the year, Orlando, Fla.-based Olive

Garden changes the menu regularly to keep frequent customers happy. According to President Ron Magruder, 25% of sales come from brand-new offerings. Tour of Italy, a sampler plate that offers chicken Parmesan, lasagna and fettuccine Alfredo; cannelloni stuffed with chicken, beef and veal; and *pasta e fagioli*, Italian bean stew in a spicy broth, were not on the original Olive Garden menu created in 1986. New appetizers include toasted ravioli and mozzarella dijon.

The Olive Garden also plans to continue what it calls "menu events," the first of which was this spring's Carnival of Venice.

MAZZIO'S

\$132.0MM

Leave dainty, thin-crust affairs to those California pizzerias. Tulsa, Okla.-based Mazzio's stands proud behind its 3-pound "heavy spec" pies, ranging from popular pepperoni to more exotic seafood-topped and Mexican-style pies.

These mammoth pizzas are behind Mazzio's drive to "make pizza king," says Greg Lippert, vice president of marketing at Mazzio's.

**company estimate

continued on page 58

400: PIZZA

continued from page 36

LaRosa's lower-fat pizzas contain real cheese but still meet heart guidelines.



Papa Gino's version of a U.S. favorite—pepperoni.

The chain will add no new products—specifically, no pasta dishes—in attempts to hike its pizza profile. The salad bar—meant to complement pizza, not replace it as an entree—will be fine-tuned, Lippert adds.

PIZZERIA UNO RESTAURANTS \$80.0MM

West Roxbury, Mass.-based Pizzeria Uno included an array of Italian dishes in its new, 60-item menu, which was rolled out in June. The new menu offers cheese tortellini (\$6.95), served with sautéed vegetables and garlic bread; spinach/tortellini salad (\$4.75); and Chicken Frommaggi (\$7.25), boneless chicken breast baked with cheese and tomatoes.

Chicken and herb pizza, topped with chicken, farmer cheese, broccoli and an assortment of herbs, is a test item in Boston stores and is moving quite well. Customers also are taking a liking to sesame pizza crusts, also in test in Boston.

PIETRO'S CORP. \$38.0MM*

Northwest Pizza, Linnwood, Wash.-based Pietro's newest

offering, takes advantage of the chain's strong presence in Washington and Oregon. The "Great Northwest Pizza," which accounts for 5% of total sales, is topped with Tillamook (Ore.) Cheddar cheese and locally made brands of pepperoni and sausage.

The chain also has rolled out Lunch Express—a 6-inch pizza, salad and drink for under \$5. Kids get a similar deal with Pietro's Pizza Pal, a pizza, drink and premium, such as a curlicue straw or plastic dinosaur.

Pietro's President Bob Adamowski says the pizza menu—including the best-selling deluxe combo of mushroom, bacon, beef and sausage (\$16 for a 16-in. pizza)—is set. If tests go well, a new menu addition will be Häagen-Dazs ice cream bars in one flavor—

vanilla coated with chocolate.

LaROSA'S INC.

\$33.0MM

LaRosa's new pizzas and entrees, which conform to American Heart Association guidelines for a heart-friendly diet, are getting a "warm and grateful" acceptance from patrons, says Stuart Smetts, vice president of marketing for the Cincinnati-based company.

Smetts won't reveal LaRosa's secret except to say the chain is using real cheese (not a soy cheese), real pep-

peroni and the chain's standard dough recipe, but in different proportions than with its fully loaded pizzas. The light pizza is 50% lower in fat, 54% lower in cholesterol and 23% lower in calories than LaRosa's traditional pizza.

Although the pizza has been well received, it accounts for only a small percentage of sales. "The biggest problem in selling it is that people do not believe it meets heart guidelines because it contains real cheese," Smetts explains.

—L.B.



Pietro's pizza topped with regional Northwest favorites.

A wide assortment of Italian entrees from Pizzeria Uno.



*R&I estimate

400: FAMILY DINING

MENUS HIT BULLSEYE WITH FARE AIMED AT CUSTOMER LIFESTYLES

Family dining expertly juggles light, hearty, ethnic and dessert fare.

Menus from this year's top family dining concepts are sending four strong messages.

To customers on a restricted diet or to those with health and fitness concerns, family dining flags additional light and healthful items in all dayparts, plus items that are low in fat, cholesterol, sodium and calories.

For customers whose perception of good price/value rests on large portions and whose taste runs to comfort food, the message is: Try our new hearty down-home dishes.

For adventuresome customers looking for pro-

nounced flavor, there is the lure of dishes inspired by ethnic cookery.

And for dessert lovers (found in all customer groups), family dining offers the irresistible appeal of bigger and bolder desserts.

In addition, these operations are trying to increase customer counts for two target markets—seniors and children. Both are being wooed by comprehensive marketing programs that include smaller portions, specially priced menu items, promos and premiums.

Other marketing trends driven by customers' lifestyles are convenience and takeout. Some chains are

making mealtimes more convenient by accepting credit cards, others by quick-meal guarantees. A few are testing fax orders.

Among the family-dining chains that do active catering, the consensus is that catered events are not only profitable, but also are effective occasions for attracting new customers.

Clearly, the family-dining segment's strong performance is directly attributable to these refined, well-executed strategies for growth.

DENNY'S INC.

\$1,284.0MM

Streamlining was the name of Denny's market strategy game in 1989: Both food and service were standardized, and the menu was trimmed 25%.

But less was also more: Trimming the menu meant making room for new items. For example, Denny's created the \$3.69 French Slam, a variation on its best-selling Grand Slam breakfast (\$3.39) that substitutes french toast for the hot cakes. Grand Slam breakfasts are flagged with a clock to indicate they're among the 15 "In a hurry?" breakfast and lunch menu items with Denny's 10-minute (or they're free) guarantee.

La Mirada, Calif.-based Denny's spotlights selected brand names on the back of the menu, suggests that customers ask their server if cocktails, wine and beer are available, and accepts three major credit cards.

BIG BOY

\$1,009.0MM

Big Boy ended 1989 and began 1990 with a bang-up multimedia marketing campaign aimed at increasing its market share: "There's more to love at Big Boy." Customers were alerted to the new lunch and dinner items—among them Down Home entrees and Health Smart selections, which are standardized in the company test kitchen to nutritional guidelines, limiting content of salt, fat, cholesterol and calories. Detailed nutritional breakdowns are given for dishes on the back of menus. Down Home entrees such as country-fried steak, pork loin dinner, half pound of ground round, and country-style fried chicken are pitched to family diners.

Big Boy now has in-store bakeries at several locations. The Warren, Mich., company plans to take the in-store bakeries systemwide.

SHONEY'S RESTAURANTS

\$862.4MM

It's a long way from the menu at the first franchised Shoney's in Madison, Tenn.—where "in-car din-

Denny's Grand Slam Breakfast at \$3.39 is its best-selling menu item: Two hot cakes, two eggs, two strips of bacon and two sausage links. The French Slam is a new variation.



& RESTAURANTS INSTITUTIONS



Big Boy's Boneless Breast of Chicken is one of the new Health Smart selections, standardized in company test kitchens to meet nutritional guidelines.

ing at the curb" was advertised as the big deal—to today's sit-down, full-service Shoney's, with 409 franchised and 281 company-owned units. For example, the Breakfast Bar, established in 1981, is bigger and better than ever. Offered seven days a week at all Shoney's, the average price during the week is \$3.49 and on weekends, \$4.49. Children 12 and under eat for \$1.99. Children under 5 eat free—one child per adult meal purchase.

Shoney's, headquartered in Nashville, Tenn., just added 10 new items to its salad bars, and three spring promos in 1990—steak and shrimp, charbroiled shrimp and the seafood platter—were best sellers.

FRIENDLY ICE CREAM CORP. \$560.0MM

In 1989 a new foodservice division was established to achieve greater cost efficiencies in supplying the system's 820 restaurants. The Wilbraham, Mass., company anticipates not only improving the restaurant's competitive position and productivity but also developing retail sales opportunities for Friendly products.

Plans are under way to upgrade and renovate units (including a new color scheme) and menus, and to expand

the breakfast menu. The new line of "melt" sandwiches introduced in 1989 is selling well. Friendly's best promotion of 1989, the \$1.99 Kid's Meal, was so successful that it will be repeated in 1990, with baseball cards as a premium.

PERKINS FAMILY RESTAURANTS L.P. \$423.0MM

Perkins introduced two highly successful new items to the 1989 menu: Bread Bowl Salads and Skillet Scramblins'. The salads are a selection of chef, seafood chef, grilled steak, grilled lemon chicken, stuffed seafood tomato, chicken stuffed tomato or grilled teriyaki

chicken served in a bowl shaped from fresh-baked french bread.

Skillet Scramblins' are breakfast entrees served on a toasted English-muffin half. Except for the Breakfast Burrito, each combination is served in its own skillet. In January 1990, Pastry Pot Pies made a timely debut.

Memphis, Tenn.-based Perkins has a Sixty-Plus Breakfast Collection and Lunch and Dinner Collection—smaller portions at lower prices for customers 60 years and older. There is also a children's menu for 12 and under on request. Mondays through Fridays (holidays excluded), lunch is guaranteed in 10 minutes, or the next meal is free.

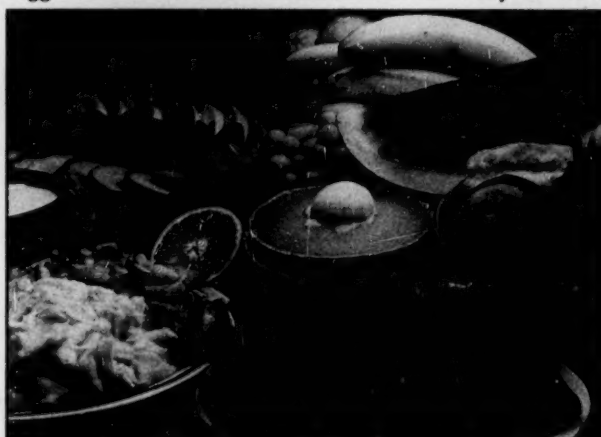
INTERNATIONAL HOUSE OF PANCAKES \$359.0MM

Sales of IHOP's Harvest Grain'n Nut Pancake, introduced systemwide in 1989, justified the two years' product testing—it's still selling strong. Now N. Hollywood, Calif.-based IHOP is promoting serving syrups hot to enhance pancakes, french toast and waffles.

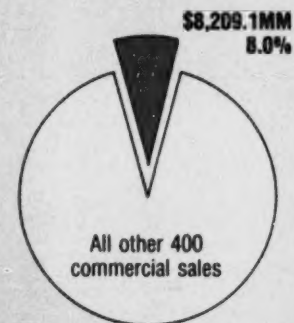
Other hot IHOP promotions included the Big Country Breakfast in midsummer: a choice of either chicken-

continued on page 66

At Shoney's, the Breakfast Bar, established in 1981, is bigger and better than ever and offered seven days a week.



FAMILY DINING ('88-'89)
Avg. sales growth 11.4%
Avg. unit growth 3.5%



TOP TRENDS

- More light and healthful menu items in all dayparts
- More hearty, down-home items, too
- Bigger, richer desserts
- A larger ethnic selection
- Stepped-up efforts to woo seniors and children

BEST SELLERS

- Denny's: Grand Slam breakfast
- Marie Callender's: Heartland American Pot Pies
- Bakers Square: The Works Burger; French Silk Pie

BEST PROMOS

- Friendly's: Kid's Meal Deal (to be repeated in '90)
- IHOP: Big Country Breakfast
- Howard Johnson's: (1989) Veal Parmigiana; (1990) Sunrise Breakfast (nutritional emphasis) and Extras (extra-large portions, extra-value prices)

COMING UP

- More meatless menu items
- More credit-card sales
- More off-premise catering

A complete ranking of the 400 by segment begins on page 28.

400: FAMILY DINING

continued from page 65

Family dining enhances nutritional profile with more low-sodium items.

fried steak or biscuits, sausage and gravy, both with three eggs, hash browns and three buttermilk pancakes for \$4.99.

BOB EVANS FARMS INC.

\$310.0MM

Hottest-selling items at Bob Evans are meatloaf for dinner, burgers and salads for lunch, and sausage and eggs or hot cakes for breakfast. The hearty Border Scramble (flour tortilla stuffed with sausage, vegetables and topped with chili and cheese), new in 1989, is still a big seller for the Columbus, Ohio, chain, along with the two new light items introduced last year—egg-substitute breakfasts and chef's salads.

New menu items in 1990 will be Homemade Banana Pudding and a grilled marinated-chicken dish. The most significant promotion in 1989 was the focus on weekday breakfasts, stress-

ing lighter offerings, speed of service and the price/value relationship. Special menu sections target seniors 60 and over and children 12 and under. Bob Evans currently is testing credit-card sales in about 60 stores.

The menu is bursting with down-home items and also offers lighter items, such as a fruit plate with raisin bran muffin, Charbroiled Catfish, a mini-club sandwich, and a dinner vegetable platter.

WAFFLE HOUSE INC.

\$279.6MM*

The 24-hour Waffle House chain, based in Norcross, Ga., replete with rib-sticking sandwiches such as the 1/4-lb. Patty Melt Plate and the Chicken Melt Plate, and The Ultimate Breakfast, the T-Bone & Eggs, has its own messages for the diet-conscious. The menu informs "those who count... calories, cholesterol, etc." that the ham is 95% fat free, the



Bakers Square's The Works Burger still tips the scales at 1/3 pound, and is the perennial best-selling burger.

bacon has no sugar and is low in sodium, the cooking oil is cholesterol-free.

Waffle House also offers extra-lean pork chops, skinless chicken breast, cereals and an oat-bran muffin.

MARIE CALLENDER

PIE SHOPS INC.

\$239.0MM

The best-selling item in 1989 was Heartland American Pot Pies at \$5.95.

New items in '89 were

Bread Basket Stew, Southwestern Cheese-Steak Melt, Pasta Sampler trio and Chicken Sesame salad. Among "Lighter Side" selections are grilled lemon chicken, grilled halibut, and Soup and Salad Duet.

The big promo marking this year was holiday pies. Highlighting the 30 varieties of freshly made pies, the promotion ran during both Thanksgiving and Christmas. Both were highly successful, but Thanksgiving outsold Christmas.

A meatless vegetable and cheese platter comes with a side of cornbread. The beverage list includes house wines by the glass and carafe, varietal wines by the bottle, draught and bottled beer, and mineral water. Marie Callender's is examining senior-citizen dining programs, but as yet does not cater to credit card sales.

BAKERS SQUARE

\$221.0MM

Matteson, Ill.-based Bakers Square has always been perceived as having a lighter menu with fewer fried items, says a company spokesperson, even though portions are generous—for example, the burgers are 1/3 pound. The Works burger is the



Perkins' Bread Bowl Salad, a highly successful menu item, was added in 1989.

*R&I estimate

continued on page 76

400: FAMILY DINING

continued from page 66

Trend watch: More meatless entrees appear on menus for all meal periods.

best-selling burger, year after year. Part of the customer perception that the menu is "lighter" is based on the promotional idea of eating a moderate meal in order to save room for the chain's signature pies.

Lunch business is at capacity, the company says. Dinner business is emphasized.

A current ad campaign emphasizes a light theme—healthful food—focusing on stir-fried dishes and the like. A new entree is the Mixed Grill Combo, a combination of chicken breast tenders, black tiger shrimp and filet mignon with stir-fried vegetables. Bakers Square has a new high-speed credit-card approval system.

COUNTRY KITCHENS INTERNATIONAL \$175.4MM

Country Kitchen's new-in-'89 leadership team cooked up a slew of new menu items, many for lunch and dinner, the dayparts being targeted. New items include cheeseburger deluxe, mushroom cheeseburger, barbecue burger, bacon avocado burger,

Fiesta Skillet breakfast (along with an egg-substitute breakfast version), country-fried steak and eggs, Garden Omelet, fresh baked muffin, pork sandwich, grilled chicken breast salad, T-bone steak and meatloaf dinner.

In 1990 new menu item development, a key strategy in repositioning the restaurants, will build on the '89 foundation. New design prototypes also are a part of a five-year strategic plan that includes refining and improving service for a market that the Bloomington, Minn., company perceives as more sophisticated.

POFOLKS INC. \$163.2MM

Even though fried chicken is the best-selling menu item, the hottest new items on PoFolks' menu agenda in 1990 are grilled products. The new Hot Off the Grill dinners include a chicken broil, London broil (7-ounce sliced sirloin with peppercorn gravy), grilled whitefish, grilled pork chops (two), and grilled liver and onions. The new entrees,

Vegetarian Melt from Howard Johnson's is a fine example of the trend toward more meatless, but not necessarily light, menu items. Stir-fried items continue to be popular.



PoFolks' Pecan Pie and Ice Cream is just one of seasonal dessert promos held every three months to stimulate interest and sustain high sales.

from \$3.99 to \$5.99, were rolled out on June 1.

Other objectives include expanding the catering business, now 2% of sales. The company sees it as extremely profitable, with a lower labor-cost component, and a tremendous marketing tool. The entire menu is available and promoted for takeout. At present, the Nashville, Tenn.-based company is "tickled pink" about dessert sales: About one in five of PoFolks customers order dessert. Seasonal dessert items, introduced and promoted every two or three months, serve to keep interest stimulated and sales high. The chain accepts credit cards in all restaurants. Drive-thru, currently in test in one unit, will be tested in three additional company units in 1990.

HOWARD JOHNSON'S \$105.0MM

New menu items in 1989 were definitely on the light-and-healthful side: oat-bran waffles, yogurt, shrimp primavera, tortellini and fruit platters. Conversely, the one light dessert in the Ice Cream Parlor dessert menu is Sherberific, a combination of fresh fruit and granola with

low-fat yogurt or sherbet. Otherwise, Sensational Sundae, Super Concoctions, Coolers and Freezes, rich shortcakes, fudge brownies, apple pie and double-fudge cakes reign supreme.

In 1990 the S. Weymouth, Mass.-based chain's new menu items will follow the same two paths: more light and/or healthful items such as all-vegetable entrees, and more fruit plates. There also will be new flavors of ice creams to vie with this year's Triple Berry Crunch, Chocolate-Fudge Brownie and cappuccino.

Begun in June 1990, two major promotions are aimed at two different lifestyles: nutritionally aware customers and those with hearty appetites. Sunrise Breakfast will emphasize nutrition in a cooperative effort with a national health magazine and will feature nutritional puzzles and games for adults. All-correct answers make winners eligible for a sweepstakes. The Extras promotion, on the other hand, will be Incredible Meal Deals of extra-large portions at extra-value prices—customers are encouraged to take home leftovers.

—Nancy Ross Ryan

400: CHICKEN

CHICKEN CHAINS FIGHT BACK, EXPAND MENUS AND MEALTIME

KFC tries wings and barbecue; other chains add non-fried chicken items.

Chicken chains have fallen on hard times.

All-fried menus are no longer the key to success and there is not a chicken chain still thriving that has not extended its menu in some way. In an effort to draw customers in for lunch and snacktime, key players are expanding their menus with sandwiches, wings and salads. All of these items are more portable and easier to eat on the run.

Chicken chains, and most notably the segment leader, Kentucky Fried Chicken, have been notoriously slow to change their menus, testing alternative items for years before national roll-out. They are finally beginning to play catch-up, realizing that a fried chicken-only menu is not likely to make it in an environment that demands variety.

Most chains have been testing non-fried chicken items with more healthful images. Some of those intro-

duced are chargrilled chicken, roasted chicken dinners and salads topped with grilled chicken.

Part of the reason chicken chains have taken so long to introduce non-fried items, even though testing has been extensive, is that with a limited menu, space for additional equipment that would be necessary is limited.

Some chains have stretched beyond chicken, sampling alternative menu items such as seafood offerings, barbecued ribs, breakfast menus and a myriad of accompaniments.

KENTUCKY FRIED CHICKEN \$5,310.0MM

Last year was a tough one for the top chicken chain. But KFC is fighting back after years of resisting substantial menu change with products such as chargrilled chicken, a full-size chicken sandwich and spicy wings.

After years of experi-

**Cajun-battered fries:
Popeye's new accompaniment.**



KFC pulled Hot Wings when supply ran short.

menting with barbecued chicken, Louisville, Ky.-based KFC switched gears and tested a chargrilled product that has since met with varying degrees of success. A test in Idaho stores was less than stellar because the product replaced barbecued chicken, a popular test product in that area. A new version is cut eight pieces to a bird, tested in about 20 stores in Louisville and Las Vegas. The chain plans finally to roll out chargrilled chicken nationally within two years.

Further expansion of lunch and snack business also is part of KFC's new plan. A full-size sandwich called The Colonel's Chicken Sandwich is slated for systemwide rollout this year to supplement the snack-size Chicken Littles. Hot Wings, chicken wings marinated in hot spices, breaded and fried—designed to pump up sales in off-peak hours—were launched in March 1990. The company failed to anticipate the success of the introduction, however, and ran out of product. The

CHICKEN ('88-'89)
Avg. sales growth -0.5%
Avg. unit growth -2.9%



TOP TRENDS

- Testing of non-fried chicken items with a more healthful image
- Menu expansion to increase snack and lunchtime business
- Addition of non-chicken dishes such as seafood items, ribs, breakfast and side dishes

BEST SELLERS

- Fried chicken
- Boneless breast of chicken sandwiches

BEST PROMOS

- Chick-fil-A's kid's meal program tied in with children's book premiums
- El Pollo Loco's first promotion offering a 12-piece meal deal for \$8.99
- Brown's Chicken Italian promotion

COMING UP

- Addition of non-fried chicken items
- Expansion of menu to attract lunchtime and snacking clientele

A complete ranking of the 400 by segment begins on page 28.

continued on page 84

400: SWEETS

SWEETS CHAINS GO FOR BOTH SUPERRICH AND LIGHT SWEETS

Ice cream chains add yogurt, yogurt chains lighten up, doughnuts go bran.

It is not that people are shying away from sweets, it's just that they want to think the sweets they eat are "healthy sweets." Chains such as Dunkin' Donuts are fighting back with lower-fat, more healthful products. Cookie chains are adding oat-bran products and cinnamon-bun chains are trying to win customers with smaller buns.

The frozen-dessert market has fared better, but competition is tough. Ice cream chains have had to expand menus, adding low-fat and no-fat products, sugar-free products and, yes, even frozen yogurt.

On the other hand, a backlash trend in preferences for superrich desserts

continues. Chains extend both premium and light listings, and most patrons just don't seem to notice when sugar-free yogurt treats are posted right next to sumptuous high-fat selections.

Overall, however, frozen yogurt has been the star, with sales increasing 20% to 30% every year. Eighty percent of frozen yogurt sales are away from home, which should be encouraging for frozen yogurt chains. But everyone is selling it: ice cream shops, supermarkets and fast-food restaurants. Frozen yogurt chains are fighting back by introducing new products such as frozen yogurt pies, mix-in products and artificially sweetened frozen yogurt.

DAIRY QUEEN \$2,179.0MM

The top ice cream chain is gearing up for its 50th birthday in 1990.

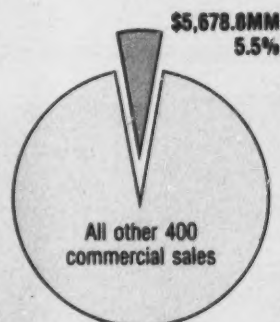
The spring of 1990 saw the addition of nonfat, cholesterol-free frozen yogurt to many stores. The soft-serve vanilla-flavored yogurt can be bought in cones, sundaes and novelties such as the "Breeze" frozen yogurt treat, which has fruit toppings or chocolate, cookie or candy ingredients blended into the yogurt. Frozen yogurt is available in roughly half of Dairy Queen stores.

The Bloomington, Minn.-based company also is offering customers a new soft-serve treat called the Waffle Cone Sundae: A large waffle cone is filled with soft-serve ice cream, topped with any sundae flavor and sprinkled with nuts. *continued on page 96*

Dairy Queen celebrates its 50th with frozen yogurt products such as this Breeze.



SWEETS ('88-'89)
Avg. sales growth -0.7%
Avg. unit growth 0.2%



TOP TRENDS

- Diversifying menus to meet demands for superrich as well as "healthful" sweets
- Using premium and "brand-name" sweets to set company apart from grocery and fast-food competition
- Licensing other companies to sell product, as a low-cost expansion technique

BEST SELLERS

- Soft-serve yogurt
- Anything mixed or paired with yogurt, such as Dairy Queen's Breeze, a mix-in yogurt shake, or Häagen-Dazs' yogurt-and-fruit combo lunches
- Baked goods made with oat bran

BEST PROMOTIONS

- I Can't Believe It's Yogurt's first national direct-mail campaign targeted to cable television watchers
- Bresler's "Grand Slam" promo offering all-expenses-paid trip for four to the 1990 Major League Baseball all-star game

A complete ranking of the 400 by segment begins on page 20.

400: SWEETS

SWEETS CHAINS GO FOR BOTH SUPERRICH AND LIGHT SWEETS

Ice cream chains add yogurt, yogurt chains lighten up, doughnuts go bran.

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SWEETS ('88-'89)
Avg. sales growth -0.7%
Avg. unit growth 0.2%



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A complete ranking of the 400 by segment begins on page 28.

Dairy Queen celebrates its 50th with frozen yogurt products such as this Breeze.



400: SWEETS

continued from page 93

Yogurt and ice cream in soft-serve form continue to win rave reviews.

DUNKIN' DONUTS INC.

\$880.0MM

Dunkin' Donuts, Randolph, Mass., is recovering from a year of changes. The chain was bought by Allied-Lyons, which then acquired rival company Mister Donut in early 1990. The company is looking to expand at low cost by distributing baked goods through smaller, kitchenless satellite stores and to convenience stores.

The improved line of cookies introduced in '89 and highly successful rollout of oat-bran muffins and doughnuts continue to boost sales. Dunkin' Donuts also is in the process of introducing bagels to its line of more healthful products.

BASKIN-ROBBINS

\$676.4MM*

Baskin-Robbins, Glendale, Calif., is dipping into light desserts, sugar-free treats and frozen yogurt to boost flagging ice cream sales and to appeal to a more health-conscious market.

Three noteworthy new products are Baskin-Robbins Light, a new 93% fat-

free, ice cream-like frozen dessert; frozen yogurt, now in half of U.S. stores; and a repackaged take-home line, which includes Baskin-Robbins SugarFree selections.

TCBY ENTERPRISES

\$303.0MM

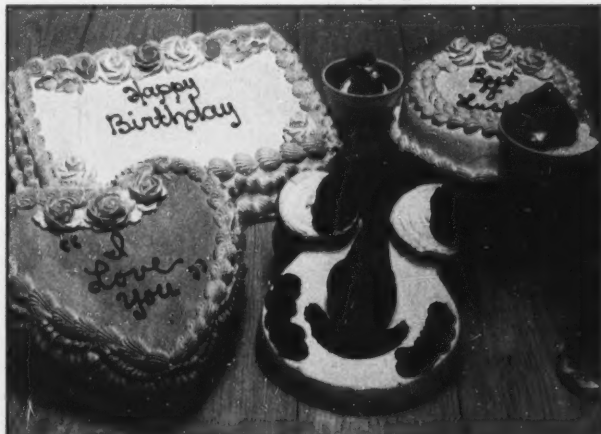
Last year's introduction of the mix-in frozen yogurt product, Shivers, proved successful. A new nonfat yogurt was introduced in January after several months in research and development. The product adds to Little Rock, Ark.-based TCBY's already healthful profile with flavors such as macadamia nut and strawberry.

CARVEL CORP.

\$175.0MM**

This was a pivotal year for Carvel, the year that saw the retirement of its founder, Thomas Carvel and the sale of the company to Investcorp. New president Steven Fellingham wants to revive some old classics—such as Lalapaloozas and Flying Saucers—but intends to keep the emphasis on soft-serve ice cream.

Carvel's new owners want to bring back some classics, such as the Lalapalooza and the Flying Saucer.



The Yonkers, N.Y.-based company plans to build business with contemporary flavors and toppings. As part of this strategy, several products were added in 1989, including Lo-Yo, a soft-serve frozen yogurt.

THE HÄAGEN-DAZS SHOPPE CO.

\$63.5MM*

In 1989, Teaneck, N.J.-based Häagen-Dazs launched a product drive intended to give the chain a powerful new expansion vehicle. Premium soft ice cream with a 16% butterfat content, introduced last year, now contributes 10% to 30% of sales in the 10 shops where it has been introduced.

A gourmet frozen yogurt also is part of the new plan. The product tested in 1989 went back to R&D, which came up with six new flavors that now contribute 15%-18% of revenues in stores that carry it. Häagen-Dazs also began testing a lunch program of yogurt shakes and fresh fruit plates with yogurt or sorbet.

I CAN'T BELIEVE IT'S YOGURT

\$44.6MM

This Dallas-based regional chain rolled out its first national direct-mail campaign and first TV commercial in

spring 1990 in an effort to establish the company as a major player among frozen yogurt chains. The direct-mail program went to 34 million U.S. households in May. It contained three different coupons: buy one, get one free; 50 cents off medium or large cup; and \$1 off quarts and gourmet pies.

Like many other chains, I Can't Believe It's Yogurt added a sugar-free nonfat frozen yogurt in '89. The company plans to expand the line into take-home products in '90.

BRESLER'S INDUSTRIES INC.

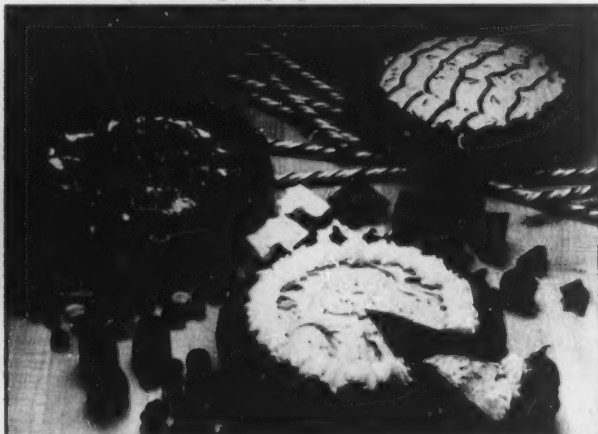
\$35.0MM

Bresler's strategy is to promote superpremium ice cream and to lure new customers with a light yogurt. The Des Plaines, Ill.-based company concentrated on higher-ticket items, including the expansion of superpremium Royale Cremes. As President David Lasky puts it, "Customers love the taste and texture of superpremium ice cream and the idea that they're getting a high-quality product for a reasonable price."

The light frozen yogurt added to the menu is sweetened with aspartame and has 27 calories per ounce.

—N.B.

I Can't Believe It's Yogurt's frozen yogurt pies, launched in 1989, continue to pump up sales.



*R&I estimate; **company estimate

400: STEAK/BBQ

MEAT 'N' POTATOES BRANDS MAKE ROOM FOR LIGHT EATERS

Sandwiches and low-cal plates add menu variety, build lunch business.

Steakhouse companies are rethinking their menu and marketing strategies in the wake of Ponderosa's acquisition of Bonanza, which gives the newly formed Metromedia Steakhouses a total of 1,310 units—twice as many as segment frontrunner Sizzler.

Ponderosa has chosen a "value-oriented positioning" that emphasizes steak, while Bonanza's current upscaling plans center on higher-priced, higher-quality items such as shrimp. Sizzler's expansion of food-bar and grilled offerings is part of the company's long-term repositioning as a mainstream family-dining restaurant.

Even steakhouse and barbecue companies not trying to soften their meat 'n' potatoes image are working hard to give customers some al-

ternatives. Chicken and seafood entrees are still infiltrating menus. In other cases, carefully orchestrated meals of vegetables and small meat portions appeal to calorie counters.

Despite some agonizing over food costs and food safety, most companies say elaborate salad and hot-food bars are now an indispensable part of their menu mix.

"It's our No. 1 feature," says Derald Linn, executive vice president of Sirloin Stockade. "We call ourselves a steakhouse, but a majority of customers come in for the bar."

A few operators are exploring takeout and delivery as sources of new revenue. For instance, Damon's Inc. is testing separate takeout entrances, as well as running trial promos during holidays and Super Bowl season.

SIZZLER RESTAURANTS INTL. \$925.0MM

Los Angeles-based Sizzler has dropped the steaks-seafood-salad tagline in favor of the new Buffet Court & Grill as part of a decade-long repositioning strategy aimed at broadening customer appeal. Analysts upgraded the company's stock rating based on evidence that the new rollout has boosted same-store sales.

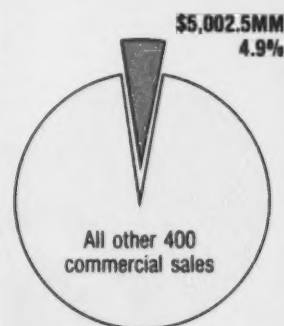
New to the Buffet Court, or hot-food bar, are appetizers such as fried vegetables and chicken wings, as well as desserts. A make-your-own sandwich setup also is part of the spread. Grill offerings, made in the kitchen, include grilled chicken, sausage and tuna sandwiches.

PONDEROSA INC. \$687.0MM

A new menu rolled out last December features a long-time favorite, the Ponderosa Ribeye, a Kansas City strip steak and several other

continued on page 106

STEAK/BARBECUE ('88-'89)
Avg. sales growth 4.5%
Avg. unit growth 0.0%



TOP TRENDS

- Introducing lighter entrees for calorie-counting customers
- Expanding sandwich lines, either grilled or make-your-own
- Holding the line on menu prices, despite cost increases for beef and other products
- Fine-tuning salad, hot food and dessert bars, which continue to be key customer draws

BEST SELLERS

- Paragon Steakhouse Restaurants: prime rib
- Mr. Steak: petite-cut sirloin
- Bobby Rubino's: barbecued baby back ribs

BEST PROMOS

- Stuart Anderson's: Summertime Dinners with choice of four to five entrees, corn on the cob, watermelon
- Sirloin Stockade: Kids Eat Free on Thursdays
- Damon's: 10th Anniversary Ribfest

A complete ranking of the 400 by segment begins on page 28.



Ponderosa's \$3.99 ribeye dinner comes with all-you-can-eat Grand Buffet.

400: STEAK/BBQ

continued from page 105

Chains are exploring takeout, delivery options for easy-to-hold barbecue.

steaks. Pricing is set to enhance what a spokesman for the Dayton, Ohio-based chain calls "Ponderosa's value-oriented positioning"; typical pricing is \$3.99 for the ribeye dinner and \$7.99 for the strip steak dinner.

Ponderosa has made two smooth marketing moves to help play out its new plans. The chain has assigned its \$17 million advertising account to The Richards Group, the Dallas-based agency that helped TGI Friday's set up its successful "American Bistro" niche. In addition, Ponderosa President Michael Jenkins, former CEO at Friday's, has brought aboard Holly Young, the Friday's executive instrumental in developing the bistro menu.

The Richards Group's mandate is to promote menu specials via price-focused radio and television spots. The agency already has signed Tom and Ray Magliozzi of National Public Radio's "Car Talk" as spokesmen for the new campaign.

BONANZA RESTAURANTS \$588.0MM

Shrimp won star billing as Dallas-based Bonanza began an "upgrade and diversification of its menu." A steak-and-shrimp combo was a popular addition, and a promo for all-you-can-shrimp ranked as the top promotion of the year.

In the works for 1990 are two choice sirloin items and one broiled seafood entree. Lighter Fare, a section devoted to healthful items, is the latest addition to the Freshtastiks Food Bar.

More aggressive, retail-oriented advertising campaigns also will attempt to build traffic. Examples of targeted promotions include senior discounts and Bonanza Split Night, a build-your-own banana split special featured on slow nights.

STUART ANDERSON'S BLACK ANGUS/CATTLE COMPANY \$185.3MM

Appealing salads of crisp greens and vegetables, served family style in bowls

Sonny's plans to roll out baby back ribs as a national product this year.



Stuart Anderson's menu inserts support TV and radio ads for specials such as its Summertime Dinners.

sized for the number of diners at a table, have replaced individual dinner salads at Stuart Anderson's. Customers can have as many refills as they like; dressings are served on the side, so each person can choose his or her own. In customers' eyes, the new salad "adds value to the meal," says Julia Stewart, vice president of marketing for the Los Altos, Calif.-based company.

SONNY'S REAL PIT BBQ \$80.7MM

More sophisticated product R&D helped push up customer counts 12% over the past year. The Gainesville, Fla.-based company hopes to make baby back ribs a national product this year. Other successful experiments: barbecue techniques for fish and shrimp, and rich desserts such as key lime and peanut butter pies.

Easy-to-hold barbecue seems like a natural for home delivery and Sonny's is exploring that option, according to President Robert Malkani. Off-premise catering is already big business.

SIRLOIN STOCKADE INTL. \$57.3MM

Three new Lite 'n Lean meals consist of a 3- to 4-ounce portion of charbroiled beef, chicken or fish, 2-3

ounces of rice pilaf, steamed carrots and broccoli, and an on-the-plate salad of lettuce, celery and carrot sticks. The well-filled plates weigh in at 350 calories and are priced at \$4.99.

A customer contest gave the All You Can Eat Salad, Hot Food & Dessert Bar a new and more succinct name: ExtravaganzaBar. Big U-shaped bars with oak, brass and etched glass in new stores give the hot-food bar more prominence. An Extravaganza meal costs \$4.79.

Three higher-priced sandwiches help boost check averages: the BBQ (\$3.69); the Filly West, thinly sliced rib eye steak piled on a hoagie bun (\$4.29); and the French Dip (\$3.99).

RUTH'S CHRIS STEAK HOUSE INC. \$50.0MM

Celebrating 25 years in business, founder Ruth Fertel sticks to the company's niche as "The Home of the Serious Steak." Despite steep rises in beef prices, the company has refused to make quality compromises.

A mixed-grill trio of 6-7 ounces each of fillet, prime pork chop and chicken breast has scored well with this year. Fresh salmon has gone on menus across the country. —Toni Lydecker

400: DINNER HOUSES

DOWN WITH RICH SAUCES, UP WITH HEALTHFUL ETHNIC FOODS

Distinctive spices and cooking techniques add flavor, not fat.

Low-fat, but flavorful. That's the big food focus at dinner houses around the country. "People talk about healthy food, but still want something satisfying," says Jim Parish, director of finance and public relations at Chili's.

To deliver, dinner-house chains and multiconcept operators have expanded entree salad sections with the addition of healthful but hearty offerings, and are delving more deeply into ethnic cuisines that use distinctive spices, marinades and cooking techniques—rather than rich sauces—to make food taste good.

Appetizers and entrees

flavored with Mediterranean, Southwestern/Mexican and Asian seasonings, then grilled, stir-fried or roasted in wood-burning ovens, figure prominently on lists of new menu additions.

At the same time, high-grade steaks are replacing some burger offerings—a move based on the theory that customers eating red meat less frequently will trade up to top-quality red meat in small quantities. Similarly, even though alcohol consumption is down, chains are promoting specialty drinks made with expensive, brand-name liquors.

Updating their image along with the food, many large dinner-house chains are shedding stodgy '70s-

esque menu formats in favor of bold, uncluttered menu designs with contemporary styling.

TGI FRIDAY'S INC.

\$400.6MM

"People may be conscious of health issues, but they still want to indulge," says Friday's Vice President of Research and Development Rick Crossland. That explains why Dallas-based Friday's new menu (rolled out in May) includes a chargrilled potato salad up front and a three-layered cookie pie with ice cream, hot fudge, caramel and whipped cream at the back. New sandwich selections similarly balance; a chargrilled vegetable pita on the one hand and a steak baguette on the other. Also added in May: appetizer portions of Thai chicken and chargrilled

quesadillas; a deep-fried fish platter; broken noodles, a new pasta dish; and broiled scallops.

Friday's also added more healthful selections to its children's menu—pasta straws and a fresh-fruit and cheese plate—in answer to parents' requests. Looking ahead, the company plans to add more Pan-Asian foods.

CHILI'S INC.

\$371.3MM

The evolution of Chili's menu, which began in '83, is nearly complete. Then the menu was 65% burgers; now burgers make up only 12% of the menu mix. Latest additions, which debuted in April 1990, are two entree salads: One features grilled, marinated chicken served Caribbean-style with pineapple chunks, honey-lime dressing and a side of *pico de gallo*; the other features grilled, marinated shrimp with Caesar dressing and Romano and Parmesan cheeses.

Earlier additions, a country-fried steak in late '89 and a sirloin steak in January '90, broadened Chili's menu to offer options without adding new equipment or slowing down kitchen operations, according to Jim Parish. He says the Dallas-based company will make more subtle menu changes in the next year. For example, the company has been replacing milkshake machines as they go down with yogurt machines.

THE GROUND ROUND INC.

\$262.7MM

Since International Proteins Corp. bought The Ground Round from Hanson Group USA in 1989, the company has been gearing up for rapid expansion—plans that necessitated development of a stronger, more contemporary image for the South Weymouth, Mass.-based chain. To handle the task,



Fajitas still hot at Chili's; entree salads big, too.

& RESTAURANTS INSTITUTIONS



New menu designs: less clutter, brighter, bolder.

IPC brought new chairman Michael O'Donnell over from an executive position at TGI Friday's in early 1990.

Under O'Donnell's direction, the chain completely redid its menu in May and kicked off an advertising campaign in June to support the changes. "It's a major overhaul," says O'Donnell. "If you look at the previous palate profile, our menu was dominated by heavy items. To add balance, we introduced a lot of lighter things." Among the 21 new items, seven new appetizers range from skin-on french fries to chips and salsa. New entrees include baked sole and shrimp scampi. Most significant, however, is The Ground Round's introduction of a completely new salad section with nine entree salads and a house salad.

Physically, the menu itself bears no resemblance to its precursor. Color photographs of food have replaced line drawings and sections have been streamlined to eliminate clutter.

The Ground Round's new slogan, "Where kids can relax and adults can have fun," accompanies four-color photos of new food items printed on ads, in-store posters and table tents.

HOULIHAN'S \$190.2MM

Continuing its focus on intensity of flavor, Houlihan's, Kansas City, Mo., intro-

duced two appetizers on its spring menu: the Baja Bite, a spicy chicken taquito, and Szechwan fried calamari. Also new: a tortellini salad.

The spring menu, illustrated with color photographs of chic female models, is a slight update of the substantial menu revision Houlihan's completed last fall: Believing that former menus were cumbersome and encyclopedic, Houlihan's stripped out unnecessary descriptions, increased the type size to make copy easier to read and consolidated sections to cut clutter.

In coming months, Houlihan's will be updating its side dishes to reflect contemporary eating habits: more grilled items, less fat, more variety.

RUBY TUESDAY \$166.0MM**

Gearing up for expansion (38 new units planned this year), Mobile, Ala.-based Ruby Tuesday changed its menu contents and design to

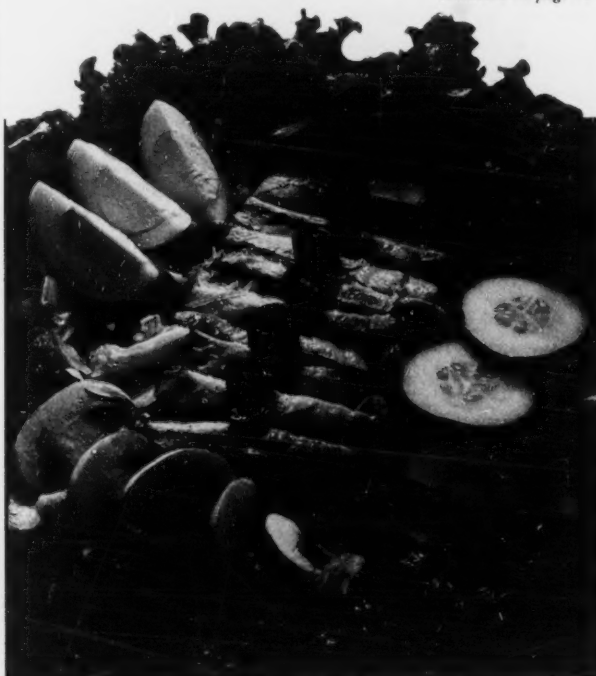
shed some '70s wrinkles—an overgrown burger section, dated line art and cutesy hand lettering—in favor of a streamlined '90s version. The newly straightforward list of specialties is flanked by an ample appetizer, salad bar and sandwich list on one side and a trim burger section, brand-new entree salad list, kids menu and dessert roster on the other.

Five new entree salads range from a tostada salad to Chicken Salad Supreme. Southwestern chicken, Smokey Mountain chicken, chicken teriyaki, and Mile High Lasagna are among the new entrees.

RED ROBIN INTERNATIONAL \$124.0MM

The replacement of several Japanese top guns by Americans at Irvine, Calif.-based Red Robin precipitated the chain's menu overhaul in April. "We wanted to put more fun back into Red Robin," says Marketing Di-

continued on page 114



Ground Round: nine new entree salads.

DINNER HOUSES ('88-'89)
Avg. sales growth 8.1%
Avg. unit growth 5.9%



TOP TRENDS

- Substituting flavor for fat: more ethnic additions, more entree salads, chicken, fish, vegetables and pasta
- Grilling, stir-frying and roasting in wood-burning ovens
- Encouraging splurging with ultra-rich desserts, high-grade steaks, specialty drinks
- Menu designs shedding stodgy image, cutting clutter

BEST SELLERS

- Bombay Bicycle Club: Yaki Soba (traditional Japanese buckwheat noodles)
- J.B.'s: fresh food buffet
- TGI Friday's: burgers, blackened-Cajun chicken sandwich and loaded potato skins
- Chili's: fajitas

COMING UP

- Increased emphasis on healthful side dishes with ethnic influence
- More attention to children's menus and senior-citizen menus
- Experiments with takeout and delivery likely to increase

A complete ranking of the 400 by segment begins on page 28.

**company estimate

400: DINNER HOUSES

continued from page 113

Grilling, stir-frying and roasting bump sautéing from the spotlight.

rector Susan McNamee.

According to McNamee, the menu Red Robin launched last year under the Japanese leadership was too formal. The new menu, with freewheeling illustrations of a giant red robin wielding perilous stacks of burgers, fries, shakes and pizzas, goes back to a style that flourished under chain founder Gerry Kingen.

Additions to the menu include five pizzas, five pasta dishes and a few new burgers and sandwiches.

For the summer, Red Robin launched a special menu (rolled out in June). The tropical motif, signaled on the cover by a vibrant illustration of a Red Robin in a fruit-laden Carmen Miranda-style hat, carries through from appetizers (Maui wings and Hawaiian coconut shrimp), to desserts (Strawberry Tall Cake and Key Lime pie). As part of the promotion, Red Robin also launched a self-liquidating drink promotion: buy the drink; keep the glass.

Following the summer

special menu, Red Robin plans a first-ever special fall menu. The company also premieres mercantile sales (jackets, puppets, T-shirts, etc.) this year.

J.B.'S RESTAURANTS INC.

\$109.4MM

The gradual evolution from J.B.'s former identity as a part of the Big Boy chain to its current status as a separate, contemporary family restaurant group was completed in 1989.

Menu revisions mirrored the gradual shift: 1987's menu was a Big Boy standard, right down to the chubby cartoon kid in checkered pants. A 1988 update lost the cartoon and relegated the Big Boy tie-in to a subhead on the cover. The most recent version from mid-1989 went a lot further: "The overall brighter look matched the change in decor and uniforms we just completed," says Bill Vest, director of new product development. Content-wise, categories changed to include "Half



Bub City, LEYE's crab shack/barbecue.

Sandwiches/Plus," an expanded Lite Side section, and for the first time, "Something Special For Seniors."

The new format also moved breakfast onto a separate menu. "We were able to speed turnover by taking it off the lunch/dinner menu," says Vest.

The success of the six-month-old menu has been good enough, Vest says, that only a few changes—new chicken sandwiches and breakfast scrambles—will be made this year. J.B.'s is concentrating on enhancement of its fresh food buffet, hot food and breakfast buffets, and its most recent addition: a frozen yogurt and sundae buffet.

The company is also testing in-store bakeries in Salt Lake City area stores.

LETTUCE ENTERTAIN YOU ENTERPRISES INC.

\$85.0MM

Combining the operational efficiency of a large chain with the personal touch of

an independent restaurateur, Chicago-based Lettuce Entertain You introduced Heart Healthy menus at all 20 of its restaurants this spring. Executive chefs at each restaurant followed guidelines set by the American Heart Association of Metropolitan Chicago and Lettuce Executive Chef Russell Bry to produce the special menus that change monthly. Featured items are low in fat (less than 30% total calorie content), salt (less than 1000 mg) and cholesterol (less than 100 mg).

Bry says Lettuce worked on the program for nine months before launching it. Other projects—the launch of Bub City, a country-western barbecue/Gulf Coast crab shack; and Tucci Milan, a big-city version of Lettuce's country-Italian Tucci Benucch concept—were the food focus at Lettuce in '89.

THE LEVY RESTAURANTS INC.

\$70.0MM

Catering to couch potatoes and workaholics holed up at



Red Robin's Jamaican chicken and Hawaiian shrimp.

continued on page 116

400: DINNER HOUSES

continued from page 114

Side dishes, children's menus and seniors' menus gain importance.

night in offices, Chicago-based Levy launched its own delivery service in May. Called Chef's Express, the delivery service allows customers to call in and order an appetizer from one Levy restaurant, an entree from another and dessert from a third. There is no delivery charge. Meals are transported in a fleet of refrigerated and heated vans manned by delivery staff in chefs' whites. "The service really reinforces our identity and shows customers the breadth of variety they can get from Levy," says Marketing Director Pam Friend.

Beyond the Express launch, Friend says Levy has put its menu development energies into creating healthful new dishes at many of its concepts. Cafe Spiaggia introduced a cheeseless pizza. Bistro 110's new

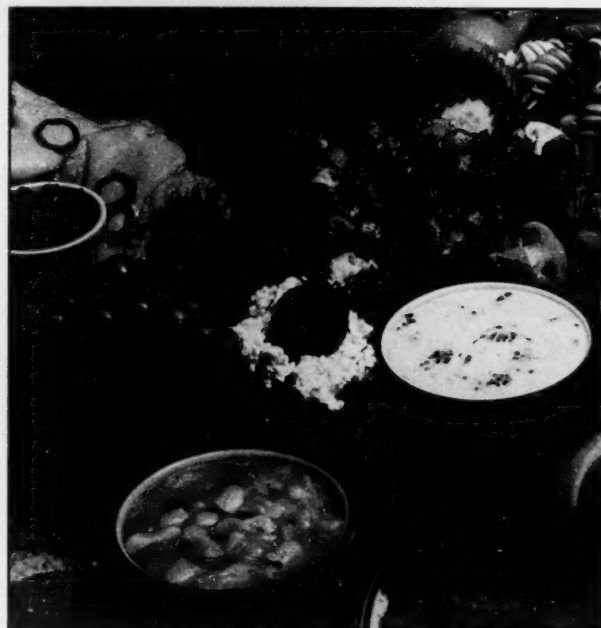
menu has more entree salad options and vegetarian appetizers. The City Tavern just added a wood-burning brick oven to roast chicken and fish and to bake pizzas.

Levy has also been working with dietitians to analyze menu items and might start listing calorie, fat, sodium and cholesterol contents for some items.

BOMBAY BICYCLE CLUB \$61.3MM

With the nod from new parent Industrial Equity (Pacific) Ltd., Bombay Bicycle Club has jumped into some pretty spiffy new clothes for the '90s. Interiors, exteriors, tabletops, uniforms and menus reflect the fresh approach.

Menu selections do, too. Marketing Director Jerry DeLucia says 65% of the menu changes are reformu-



J.B.'s expanded its Lite Side section.

lations. The traditional London Broil on the old menu, for example, is reborn as smoked sirloin slices on the new menu. "We wanted to retain some familiar items for customers to connect with, but we also wanted to add things that differentiate us from our competitors," says DeLucia.

Yaki Soba, for example—traditional Japanese buckwheat noodles stir-fried with vegetables and a choice of shrimp, chicken or steak in sesame oil, sake, ginger, garlic, soy sauce, orange peel, sesame seeds and chili peppers—is the current customer favorite. Another winner: Bombay shrimp curry—served with rice, coconut, almonds, mango chutney, bananas with lime and Indian Marmalade.

The Tarzana, Calif.-based company expanded its dessert section, added an a la carte section of side dishes and has been emphasizing specialty drinks with self-liquidating promotions. "People may be drinking less alcohol but they're

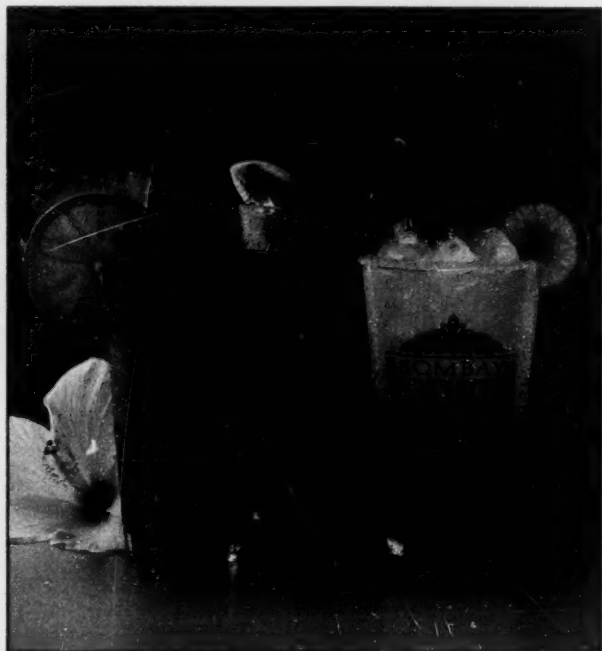
drinking better," says DeLucia.

CREATIVE RESTAURANT MANAGEMENT \$5.5MM

With the focus on expanding its Annie's Santa Fe and Fred P. Ott's concepts, Creative Restaurant Management, Shawnee Mission, Kan., has revised menus at both. A new grill menu, introduced at Annie's in May as an adjunct to the regular menu, features items that go beyond tried-and-true Tex-Mex offerings. Items include a double breast of chicken marinated in cilantro and citrus, fresh grilled fish, *carne asada* (marinated rib-eye steak), Navajo Ranch baby back ribs, and a salad of chicken and avocado with four new dressing options.

At Fred P. Ott's, Creative Restaurant Management's burger concept, high-grade steaks and rib dishes have been replacing burgers. "We're beefing up the menu to bring in more dinner business," says McPeake.

—Monica Kass



"Buy the drink, keep the glass" promotes a focus.

400: MEXICAN

WHOLE-WHEAT QUESADILLAS AND SEAFOOD BURRITOS ARRIVE

Fresh, light and cholesterol-free take leading roles on bills of fare.



Tacos are Taco Bell's mainstay, but tostadas, burritos, bean cups and cinnamon twists add menu variety.

Chains are capitalizing on the public's penchant for lighter fare as Mexican food's popularity spreads.

El Torito and Red Onion are pioneering a switch to cholesterol-free cooking oils, whole-wheat tortillas and light sour cream. Along with Acapulco Restaurants, Casa Olé and Carlos Murphy's, they also have added more fresh fish and shellfish entrees. Two Pesos was one of the first fast-food chains to introduce a fish item. Others are exploring the possibility.

Fajitas still dominate most menus. Combination platters continue to be hot sellers because they offer good price/value; portions look big (and generally are) and they provide variety. And fast-food companies are increasing snack and add-on items to boost off-hour business and raise average checks.

Red Onion and Garcia's

report significant increases in their takeout business. Off-premise catering also is on the rise; Casa Olé has set up a catering division in Houston.

TACO BELL \$2,129.5MM*

Taco Bell's 59-cent menu, featuring bean burritos, tostadas, nachos, and pintos

Steak El Paso is Chi-Chi's most popular Tex-Mex offering.



and cheese, coupled with free drink refills, offers customers a wide choice at an incomparable price.

Last fall, the Irvine, Calif.-based chain unveiled Tacos-To-Go in six- and 10-pack formats. Aside from drive-thru, this was TB's maiden foray into off-premise business. In July it also launched a new pocket taco.

In Taco Bell's crystal ball for 1991: breakfast.

CHI-CHI'S INC.

\$430.5MM

Chi-Chi's, eyeing value, added nachos, plus several platters: a Chajitas—Chi-Chi's name for fajitas—combo (steak or chicken enchilada, a burrito, Mexican salad and Spanish rice) and an Ultimate Combo (cheese nachos, Grande Burro, enchilada, taco, chili con queso, Spanish rice, refried beans and Mexican fried ice cream).

Chi-Chi's also rolled out Steak El Paso, a grilled seasoned steak, basted with jalapeño barbecue sauce, served with two pepper-Jack cheese

continued on page 122

MEXICAN ('88-'89)
Avg. sales growth 4.3%
Avg. unit growth 0.3%



TOP TRENDS

- Switching to cholesterol-free oils and other healthful substitutes
- Introduction of more seafood items
- Regional and store-level training programs that focus on senior citizens and hourly employees
- Credit-card acceptance (Two Pesos) and tests (Taco Bueno and Del Taco)
- Under \$1 pricing programs

BEST SELLERS

- Seafood entrees
- Fajitas
- Combination platters

BEST PROMOS

- Carryout and off-premise catering
- Low-priced snack items and party menus to boost average checks and build off-hours traffic
- Taco Bell's *Batman* promotion, which increased sales 100%

A complete ranking of the 400 by segment begins on page 28.

400: MEXICAN

continued from page 121

Full-service operators report an upswing in catering and takeout.

enchiladas and Spanish rice. It is the No. 1 seller.

EL TORITO RESTAURANTS INC. \$379MM

El Torito, Irvine, Calif., switched to cholesterol-free cooking oil, whole-wheat quesadillas and light sour cream. Fresh fruits are replacing rice and beans on many standard entrees.

Several seafood offerings, rolled out in March, include a seafood burrito and mahi mahi fajitas and tacos.

A whole-wheat chicken and Monterey Jack cheese quesadilla is served with four taquitos and fresh fruit, and a seafood quesadilla. New appetizers, called "Mexican Munchies," include Macho Nachos, layered with spicy beef, chicken, cheese, jalapeño slices and diced tomatoes; mini-chimichangas with melted cheese and ham bits; and beef mini-taquitos.

DEL TACO INC.

\$216.0MM*

Big news at the 24-hour operations is a swing back to

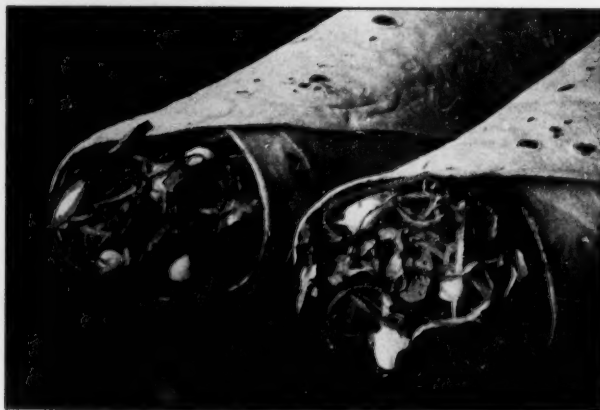
signature products dropped after the Naugles merger. Now that most Naugles have been converted to Del Tacos, the Big Del and Deluxe Del Beef Burritos are returning. Already back on the menu are taco salads, nachos and downsized quesadillas.

Following management's leveraged buyout from Restaurant Enterprises in January, Costa Mesa, Calif.-based Del Taco reduced portion sizes and prices on the regular soft taco and part of its burrito line. Price cuts ranged from 20 to 90 cents.

GARCIA'S MEXICAN RESTAURANTS

\$79.4MM

New samplers include El Grande, a combination of several regular menu favorites including *pollo fundido*, cheese enchilada, beef taquito and refried beans. Five pork items have been added, including Tex-Mex enchiladas (carnitas topped with green pork chili), pork chili and spicy carnitas tacos. Also new: *arroz con pollo*, a



Del Taco lowered prices on its deluxe and combo burritos.

chicken breast in a cheesy ranchero sauce; two new desserts; and a summer drink menu featuring tropical beverages.

TACO VILLA INC.

\$75MM

Last year, Taco Villa—now owned by W.R. Grace and renamed Del Taco—added Chilole, a beanless meat and green chili-filled pepper topped with Cheddar and served with homemade chips. New offerings will include a Chicken Fajita Burrito Grande, a seasoned breast rolled into a flour tortilla with Cheddar, onions, sour cream, lettuce and tomato.

were increased on regular menu items. The Mucho line, featuring larger portions, has made a significant impact on sales. A lower-priced Party Menu, featuring 39- and 49-cent snack items, has raised check averages and increased off-hours business for the Dallas-based chain.

TWO ESOS MEXICAN CAFES \$40.4MM

Ch. grilled shrimp fajitas are the Houston chain's latest addition. A 1-pound fajita platter, priced at \$10.95, feeds two to three people. A 1½-pound "Fiesta Pack" for four is \$16.95. Two Pesos is testing a spicier Buffalo wing.

Chaquita Cafe, a downsized, double-drive-thru concept recently opened in Houston, features a scaled-down version of Two Pesos' original menu.

CARLOS MURPHY'S

\$37.0MM

The San Diego-based chain just completed a total menu revamp, upgrading quality and cutting the number of dishes from 130 to 55.

Among 19 newcomers: an upscale fish taco made with wahoo, and shrimp, chicken and beef fajitas. Carnitas, chilies rellenos and shark fajitas are due later this year.

—Barbara Magan Dawson



RED ONION RESTAURANTS

\$50.0MM**

Red Onion switched to canola oil and added American Heart Association-approved entrees such as seafood salads. A new Make-Your-Own charbroiled chicken taco comes with black bean soup. Spinach con queso, with jalapeño, Monterey Jack cheese, fresh tomato and onion debuted last March along with spicy chicken wings.

TACO BUENO

\$56.7MM*

Company strategy: more food for the dollar on customer plates. Portion sizes

*R&I estimate; **company estimate

400: SANDWICHES

ARBY'S AND SUBWAY LEAD IN BUILDING SANDWICH AWARENESS

More units and menu variety make sandwich chains top contenders.

Sandwich chains continue to infringe on hamburger territory, armed with a growing presence, service enhancements and products tailored to customer requests.

According to a Technomic Inc. study, sandwich chains in the top 100 domestic restaurant companies increased their franchised units by 27.1%—1,093 units—between 1988 and 1989. Subway franchises are responsible for the majority of this growth. The next fastest growing quick-service segment was hamburgers, with 5.3% franchised unit growth.

Subway seems to be popping up on every corner; about 1,600 new franchise agreements have been signed for 1990. The news for competitors is both good and bad: Subway's growing presence is making consumers more aware of the sand-

wich segment, but at the same time, regional chains must contend with the highly visible Subway moving in two doors down.

While Subway leads the way in unit growth, Arby's is the leader in service innovations. For instance, the chain has implemented a computerized customer order-entry system and credit-card acceptance; its "smart kitchen," presently being developed, uses sales analysis and projected demand to control the cooking process.

Sandwich chains in general provide plenty of variety, and sandwiches are easy to tailor to customer taste. Chains are finding that customers love grilled-chicken sandwiches, spiral french fries, salads to go and big drinks they can dispense and refill themselves. Fond feelings for the corner deli must be behind the resurgence of classic deli-style, cold-cut

Arby's deluxe and barbecue grilled chicken sandwiches answer customers' calls for more healthful menus.



Subway explosion: 1,600 franchise agreements have been signed.

sandwiches, which are selling well at several chains despite the nutrition trend. Customers also want more all-beef hot dogs, and hot dog chains are responding.

ARBY'S \$1,300.0MM

In 1989 all units converted to 100% cholesterol-free corn oil for fried products. In January 1990 the amount of mayonnaise used on sandwiches was halved, eliminating 100 calories per sandwich. A cholesterol-free, light mayonnaise is in test,

continued on page 128

SANDWICHES ('88-'89)
Avg. sales growth 4.8%
Avg. unit growth 8.1%



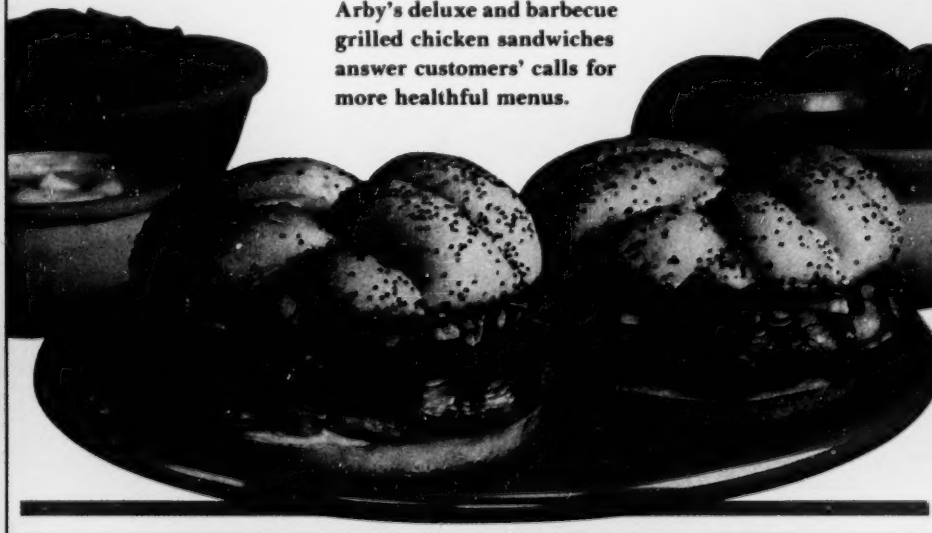
TOP TRENDS

- Chicken, turkey, traditional cold cuts such as pastrami, salami and corned beef, all-beef hot dogs
- Packaged salads
- Side items such as spiral french fries and desserts ranging from cookies to muffins to pies
- Baking bread on the premises (Subway, Blimpie)
- Combo meals and family pack specials
- Roasting and grilling
- Low- or cholesterol-free oils
- Credit card acceptance
- Limited home delivery, more drive-thru access, self-service beverage stands

BEST PROMOTIONS

- Holiday novelties, such as Arby's Holly Days glasses
- Discount couponing
- Children's premiums
- Combination meals and family packs
- Contests such as Rax's Hawaiian Pro Bowl Getaway game to introduce the new Grilled Chicken sandwich and Subway's *Lethal Weapon II* movie role contest

A complete ranking of the 400 by segment begins on page 28.



400: SANDWICHES

continued from page 127

Hot dog chain customers are willing to pay more for all-beef selections.

as are salad dressings and soups low in fat and sodium.

New products in test or offered on a promotional basis include two grilled-chicken selections, corned beef sandwiches, an Albuquerque Turkey sandwich (featuring roast turkey, lettuce, onion, tomato, special sauce and Swiss cheese on a poppy seed bun), French Dip (roast beef sandwich au jus), and Double Decker versions of the Deluxe, Beef 'n Swiss and Bacon 'n Cheddar roast beef sandwiches.

On the service side, innovations to come include an automatic conveyor system that dispenses food at drive-thrus, and the "smart kitchen" concept described previously. Finally, Arby's will test fax ordering, which will allow orders to be prepared before the customer's arrival.

SUBWAY \$800.0MM

Milford, Conn.-based Subway develops new menu selections two ways: corporately, through the R&D branch devoted to new prod-

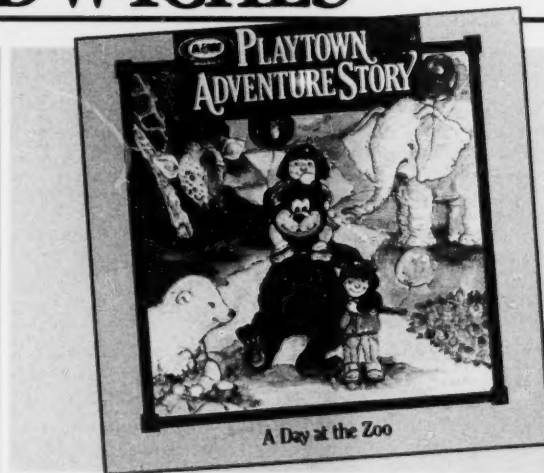
ucts; and locally—each store is allowed to sell two regional specialties of its own devising. The current unit-wide best seller, the BMT (which stands for "bigger, meatier, tastier"), was developed at headquarters. It is made up of ham, Genoa salami, pepperoni and bologna.

The Subway Club, originally the Volcano, is a best seller in approximately half of Subway's markets. A unit near Mount St. Helens in Washington developed the cold sandwich, which features roast beef, turkey and ham, plus all the fixings.

New menu additions are not yet set, but customers are asking for more hot sandwiches and spicier combinations, and it's a good bet Subway will answer that demand.

ROY ROGERS \$400.0MM*

The menus in the three units that were converted to Hardee's in May feature a blend of the best Roy Rogers and Hardee's have to offer. Roy Rogers' premier bone-in fried chicken line



A&W's new children's book and cassette premium is building chain awareness in traditionally slow markets.

and roast beef sandwiches complement Hardee's hamburger and breakfast selections. So far, breakfast sales in the converted units are up 50%, while overall sales are up 20%.

"Our customers want the best of both concepts," says Jerry Singer, director of public relations for the Rocky Mount, N.C.-based chain. "The Roy Rogers acquisition is turning out to be a perfect marriage of menu in the units we've converted."

The jury is still out as to whether Roy Rogers' roast beef line will be offered in markets other than the

Northeast, however, because the premium roast beef products can cost up to a dollar more than the Hardee's sandwich products. The chicken line will be offered systemwide. About 100 Roy Rogers units will be converted to Hardee's by August.

RA RESTAURANTS \$31.6MM

Sales of new menu items plus reduced distribution and labor costs (the latter will be cut by \$2 million in the next 12 months) are proving to be the answer to the Columbus, Ohio-based chain's financial woes. The 1990 second-quarter loss of \$1.8 million is a 63% improvement over the \$4.9 million loss suffered the same time last year.

The 500-unit roast beef chain is launching its new "Nothing Stax Up To Rax" advertising campaign, which emphasizes value and variety. To push the value aspect, the chain has reduced check averages from \$3 to \$2.88 with such menu items as smaller roast beef sandwiches; three packaged Express Salads (garden, chef and taco); a marinated, grilled chicken breast sandwich on a multigrain bun; Mexican Melt and Mush-

Wienerschnitzel launched its International Sausage line with this Italian selection.



*R&I estimate

continued on page 130

400: SANDWICHES

Schlotzsky's goes for dinner customers with a new, low-price pizza.



Schlotzsky's crust is made from its signature bread dough.

continued from page 128

room Melt hot beef sandwiches; and Twisty Fries.

A new building prototype in Festus, Mo., costs less to build than the chain's traditional units and is designed to speed service. It features four service lines instead of one, an assembly-line prep area and a straight salad bar to replace the U-shaped version. A self-serve beverage station also is standard.

A&W RESTAURANTS

\$199.2MM

This Livonia, Mich., hot dog chain knows the value of attracting children to the restaurant. That's what prompted the March 1990 introduction of a new children's premium: a customized read-along storybook and matching cassette tape entitled *A Day at the Zoo*. It stars A&W's mascot, The Great Root Bear.

The premium, which sells for \$1.29 with any purchase, is designed to encourage parents and children to read together. The book is the first in the chain's Playtown Adventure series, and early surveys show that the promotion has increased aware-

ness of the chain in markets where hot dog concepts are not a strong restaurant choice.

A&W's Playtown Meals tie in with the book themes. These come in boxes that carry the same designs as the books, with punch-out characters and a prize. The meals offer a choice of hamburger or hot dog, Curly Fries and a small beverage for about \$1.99.

BLIMPIE

\$120.0MM

The Blimpie LITES line, a selection of salads and pita sandwiches under 300 calories, is going strong in the Atlanta and Houston test markets, so the New York-based sandwich chain will introduce the concept in 80% of its markets within the next few months. Shelf-life problems with chicken and tuna selections prompted their removal from the LITES lineup, but roast beef and ham have been added.

Escalating rents and other costs in shopping malls prompted development of Blimpie's latest venture, the Fresherie, an upscale ver-

sion of the regular Blimpie unit that serves gourmet pastas and salads such as tuna niçoise, broccoli and ham, curried wild rice, antipasto and pasta primavera in a cafeteria-style service. Four Fresheries currently are operating; expansion plans will be discussed this summer.

WIENERSCHNITZEL

\$111.0MM

Wienerschnitzel's international expansion is taking place on the menu rather than on the map, with the introduction of its International Sausage Sandwich line late last year.

So far, Polish and Italian sausage versions have debuted. The Polish, served on rye bread, features a split Polish sausage with mustard, Swiss cheese and a pickle slice with sauerkraut (optional). The Italian features Italian sausage with marinara sauce and Italian cheeses served on a crusty bread. The latter accounted for 4% to 5% of sales during the initial rollout.

In response to customer demand, the Newport Beach, Calif.-based chain will introduce a jumbo, all-beef hot dog in August.

CAROUSEL SNACK BARS

OF MINNESOTA

\$56.5MM

The licensing agreement to promote and sell A&W Root Beer continues to be one of

the sweetest deals Minneapolis-based Carousel ever made. Root beer products have increased overall sales by 15% in the 220 units carrying them.

This year, the chain is taking advantage of Chicago's reputation for great hot dogs with its Chicago Classic, introduced in March '90. The all-beef hot dog, featuring bright green relish, purple onion, mustard, a pickle spear, sport peppers (hot and sweet flavor), tomato, cucumber and celery salt, sells for \$1.99. Two more hot dog selections will be introduced next year, but details are under wraps.

SCHLOTZSKY'S INC.

\$55.0MM

What's a sandwich chain doing selling pizza? Attracting children, teens and other dinner-time customers, says John Wooley, president of the Austin, Texas-based chain. Four varieties are in test in 25 stores. Served only after 4 p.m., Schlotzsky's pie is attracting 9% to 10% of traffic.

The pizza crust is made from the chain's signature bread dough and is offered in 12-inch cheese, pepperoni, sausage and "the works" versions. Two pricing strategies are in test: \$3.89 for any style; or \$3.89 for cheese, \$4.89 for pepperoni or sausage, and \$5.89 for the works.

—Beth Lorenzini

Carousel introduced a Chicago-style hot dog.



400: SEAFOOD

POPULAR FARM-RAISED SPECIES HELP REVIVE SEAFOOD MARKET

Chains promote fish and seafood as the light and healthy alternative.

Seafood consumption made a big comeback last year, reaching a record 15.9 pounds per capita—a 4.6% increase over 1988. The seafood chains in this year's 400, such as Rusty Pelican, are recapturing customers by promoting new and exotic species such as Opaka-paka and skate.

Demand at restaurants rebounded after fear of eating fish from polluted waters was offset by strong industry marketing efforts that promoted fish as healthy and low in fat and cholesterol. Average unit sales for segment leader Red Lobster, for example, increased 4.9%.

Other segment leaders are

drawing customers by introducing more baked and broiled products, while some are discounting and offering fixed meal prices. Long John Silver's is continuing its rollout of baked and broiled entrees, and is introducing discount programs during slow weekdays.

According to a major seafood purveyor, farm-raised tilapia is the new darling among full-service operations in the segment. It is already a permanent menu item at ARA Services' 95th Restaurant in Chicago.

RED LOBSTER
\$1,360.0MM**

The "30 Shrimp" plate, priced at \$8.95, was the

most successful promotion in Red Lobster's 22-year history. Guest preference averaged 18% weekly following its introduction in January, according to chain President Jeff O'Hara.

Since 65% of entree items are now broiled, the chain is developing proprietary ovens and systems that significantly improve broiled food quality.

In addition, Red Lobster has joined the U.S. Department of Commerce in a program whereby all seafood is inspected by the USDC as well as Red Lobster's own quality assurance staff.

The Orlando, Fla.-based chain, which experienced an average store sales increase of 4.9%, also intends to begin rolling out a remodel package this fall. It will include a new interior-decor

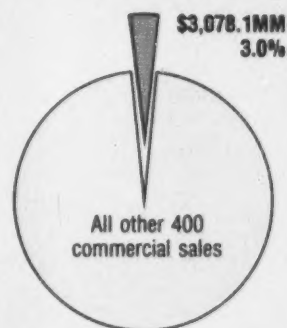
continued on page 36

Captain D's breaded combination platter



**company estimate

SEAFOOD ('88-'89)
Avg. sales growth 5.8%
Avg. unit growth 3.2%



TOP TRENDS

- Chains take advantage of farm-raised products, including tilapia, catfish and trout.
- Despite growth of broiled and grilled menu items, fried products remain menu staples.

COMING UP

- Farm-raised sturgeon and striped bass more readily available
- Long John Silver's discount program and final rollout of baked and broiled products
- Phillips building crab-meat processing plant in Philippines
- L&N Seafood Grill's fresh fish entrees in 3-ounce and 5-ounce portions

CHAINS TO WATCH

- Skippers, now owned by National Pizza, is looking like a winner with value-added strategy.
- Rusty Pelican's revamped menu concentrates on variety and price/value.
- Red Lobster will accelerate unit openings to 38 this year, most in 15 years.

A complete ranking of the 400 by segment begins on page 28.

400: SEAFOOD

continued from page 135

Lighter meals at lower prices are helping to boost traffic counts.

package and new front-of-the-house uniforms.

LONG JOHN SILVER'S SEAFOOD SHoppes \$783.1MM**

Since September, operating and administrative costs have been reduced substantially in accordance with management's strategy to position Long John Silver's as the low-cost provider of quick-service seafood with check averages under \$4.

Discount programs are being introduced chainwide to improve customer traffic Monday through Wednesday, the Lexington, Ky.-based chain's slower business days.

The introduction of baked and broiled seafood in all company restaurants should be complete by the end of 1990. Finger foods that can be easily consumed in automobiles are being tested as well. New menu boards, improved plating and advanced takeout packaging to improve portability and heat retention are being introduced throughout the summer months.

A test is under way for a two-minute guarantee express lunch program.

CAPTAIN D'S RESTAURANTS \$392.0MM

In 1989, Captain D's added shrimp scampi and baked fish to the menu to broaden its appeal.

The Nashville, Tenn.-based chain also has gone to a more contemporary building appearance, which is brighter and more visible from the road.

Average sales per company-owned store increased in 1989 to \$660,000 from \$630,000 in 1988. Same-store sales increased 5.4% in 1989.

SKIPPER'S \$100.7MM

On a \$4,000-per-unit investment, introduction of a baked fish product has proved very successful. In early, limited tests, stores were selling out of the product within the first hour of opening.

The Bellevue, Wash.-based chain, now owned by National Pizza, will be intro-

ducing snack items such as fried zucchini, onion rings and cheese sticks.

A new marketing strategy targets customer counts rather than a previous focus of raising check averages. Advertisements feature price points below \$4 and a "value added" strategy to introduce items such as family dinner packs.

RUSTY PELICAN \$100.0MM

Known primarily as a seafood dinner house, Rusty Pelican, San Juan Capistrano, Calif., is testing in two San Diego-area operations a new menu that encourages "adventurous grazing in a dining experience," according to Corporate Chef Jack Monaco.

Printed on a laser printer and changed regularly based on availability, the center of the test menu features fresh aquaculture and exotic seafood items in large or small portions.

Panko-style (light and crispy breading) deep-fried items have been added for the first time. Panko-fried shrimp, scallops and combination platters are being tested.

To encourage sampling, prices have been slightly reduced. Variety and price/value are expected to build check averages.

A new bar menu with inexpensive lighter meals for lunch or late night also has met with initial success.

L&N SEAFOOD GRILL \$52.8MM**

The 24-unit upscale L&N Seafood Grill chain, based in Mobile, Ala., is changing its menu in an attempt to lower dinner check averages and attract a broader market. In the first month, all-day check averages dropped 45 cents to \$12.47.

Most important, says Sr. Vice President Richard McGeoch, fresh fish entrees



Phillips Seafood Restaurants now imports crab meat from the Philippines.

are being offered in two sizes. At both lunch and dinner, 3-ounce and 5-ounce portions are available.

The new menu also contains four large dinner salads (blackened chicken, Oriental shrimp, shrimp with garlic salmon, bay shrimp).

At lunch, Clam Chowder with a house salad and the tuna melt are part of L&N's less expensive express meal program.

PHILLIPS SEAFOOD RESTAURANTS \$37.0MM

This six-unit Baltimore-based volume feeder did not change its menu and, more importantly, did not change its prices last year.

A seafood processing plant is being built in the Philippines because crab meat is getting harder to get in the United States, according to Vice President Paul Wall. He says the company's Maryland plants cannot keep up with demand. The first imports of the species similar to Maryland Blue Crab was due July 1.

Phillips also is marketing its products, from vegetable crab soup to frozen tuna and a variety of seasoning packages, in grocery stores.

—Jeff Weinstein

Skipper's Lite Catch fish, chicken entrees



**company estimate

400: RETAIL

HIGH-MIX TAKEOUT COUNTERS MOVE IN ON WHITE TABLECLOTHS

Food courts and self-serve units cut labor costs, fit into compact space.

In the retail arena, leisurely sit-down restaurants are giving way to smaller food-court and takeout concepts. Dayton Hudson Department Stores helped pioneer these successful "marketplaces" offering a variety of takeout options and now is experimenting with smaller self-serve, 40-seat units.

Large restaurants are not altogether a thing of the past, however. New 400 member Nordstrom, with its Rolls Royce brand of customer service, is introducing its ultra-upscale Garden Court dining concept. Similarly, Dayton Hudson is readying a 165-seat restaurant in Edina, Minn.

Variety and discount department-store chains, notably McCrory's, K mart and Target, are switching to multiconcept food courts

that spotlight pasta, chicken, Mexican, pizza and frozen yogurt.

7-Eleven, in what could well become the wave of the future, is looking actively for joint-venture prospects to run pizza concessions or, better yet, take over the entire foodservice operation.

7-ELEVEN \$726.5MM**

Despite parent company Southland Corp.'s financial woes, 7-Eleven foodservice revenues increased slightly over last year.

The chain tested pizza by the slice in a cooperative enterprise with Pizza Hut. Although there were some disagreements over operating philosophies, the experiment was deemed somewhat successful. Southland management thinks the program is viable and is investigating



K mart's new Eatery Express features grilled and grazing-type foods.

joint-venture possibilities whereby a lessee would take over not just the pizza business, but the entire foodservice operation.

The chain also explored a potential tie-in with the American Heart Association on turkey sandwiches and salads. But requirements by the Food and Drug Administration and other agencies relating to an endorsement proved too complex and time consuming. The idea was dropped.

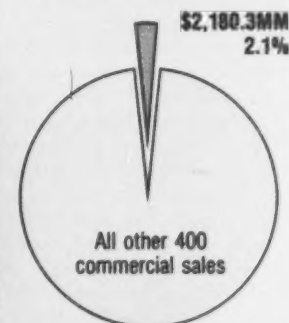
Currently, 7-Eleven is focusing on its hot dog program and keeping a watchful eye on deli sales, which are very healthy. A few stores are testing new packaging for sandwiches to perk up value perception and to give them a fresher, more appealing look.

Hot dogs and a grilled "Breakfast Bite," sausage on a special slit-top bread, are the top sellers.

K MART CORP. \$328.0MM

K mart has launched Eatery Express, a new 50- to 60-seat concept located at the front of the store. The Express format takes the best from the company's old cafeteria

RETAIL ('88-'89)
Avg. sales growth -1.9%
Avg. unit growth 0.3%



TOP TRENDS

- Retail foodservice in transition: some stores taking a first-time plunge, others adding and updating existing concepts
- Big sit-down restaurants giving way to "marketplace" takeout concepts
- Operations located in the front of the store, "where the money is," for higher visibility and traffic
- Multiconcept food courts
- Joint ventures between c-stores and foodservice companies to handle foodservice concessions

BEST SELLERS

- Baked, grilled or broiled chicken and fish
- Frozen yogurt stands and mobile food carts
- 25-cent cup of coffee (with refills)

BEST PROMOS

- Movie promotions such as K mart's *Teenage Mutant Ninja Turtles* promo (two million 32-ounce bottles sold in 30 days)



7-Eleven sells more than 80 million hot dogs annually. The grilled "Breakfast Bite" is another top seller.

continued on page 140

A complete ranking of the 400 by segment begins on page 28.

400: RETAIL

continued from page 139

7-Eleven tested an arrangement with Pizza Hut to contract out foodservice.

and deli units and combines them into one smaller, more compact dining area. These grill operations will feature grazing-type foods, gourmet cookies, popcorn, ice cream, pretzels and nachos, plus a full sandwich line and packaged salads. All units have an all-you-can-drink, self-serve beverage bar.

During the next two years, K mart's 500 stores sans foodservice will be upgraded and refurbished with Eatery Express units.

New products include Nacho Supreme, nacho chips with chili, cheese, onions and tomatoes. Best sellers for the Troy, Mich.-based discount retail giant are still breaded chicken breast, club sandwiches, nachos and pretzels.

F.W. WOOLWORTH CO. \$146.9MM**

Woolworth has been working on add-on sales with aggressive promotions for desserts. Three tropical coolers were the only new introductions last year. Early this summer, Woolworth served

a new 20-ounce shake in an old-fashioned metal shake container.

The New York-based company is testing fax ordering in Minneapolis and Cleveland.

Big sellers are the old favorites: liver and onions, meatloaf, turkey dinner and, of course, hot dogs.

TARGET STORES INC. \$60.0MM*

Target, based in Minneapolis, plans to upscale its food operations and relocate them at the front of the store. Management has set its sights on a food court boasting five concepts: an upscale gourmet snack area with a limited bakery, a sandwich shop, pizza by the slice, Mexican section and frozen yogurt. The prototype in Apple Valley, Calif., has 110 seats, self-service beverages and condiment bars.

A wider menu selection will spotlight grilled chicken and fish sandwiches, fresh salads, fajitas, soft tacos and larger sandwiches. In addition,

the units will offer a children's menu as well as takeout operations.

MCCRORY STORES \$59.8MM**

McCrory also is eyeing food courts with a myriad of concepts for its variety stores. The York, Pa.-based company tested a few prototypes with and without a grill in high-traffic mall areas. Test items included fresh-dough pizza, hot dogs with a toppings bar, prepared salads and frozen yogurt. Once in place, the courts will feature pasta, chicken, pizza, Mexican fare and ice cream.

The company already has closed several low-volume operations, some of which will be converted into food courts.

McCrory is now a Sbarro's franchisee and will combine that operation with its Fulton Street Grill, which serves chicken, burgers, fries, soups and salads. The company also has 22 mobile food carts, which will be rolled out during the warmer months and Christmas holidays.

New menu items include baked and grilled chicken and fish.

CONVENIENT FOOD MARTS \$47.3MM*

Menus for Convenient Food Marts, Rosemont, Ill., include fresh deli sandwiches, hot dogs and fountain drinks. Items vary from store to store; food choices tend to be regional and up to individual franchisees. Some of the units offer such items as pizza, hamburgers, and fried or broiled chicken.

DAYTON HUDSON DEPARTMENT STORE CO. \$45.0MM*

Dayton Hudson is readying a 165-seat restaurant in Southdale Mall, Edina, Minn., and testing a sit-down and carryout strategy in Rochester, Minn. The

Minneapolis-based retail giant will continue, however, to convert existing space into its Marketplace food carryouts, a concept that has been growing 25% a year for the past four years.

Among Marketplace offerings are Yogurt Express (frozen yogurt concept accounting for 20% of business), Candy Kitchen and Marketplace Lites (prepared foods such as salads, stir-fries and pasta dishes low in calories, cholesterol and fat). Its 70-seat sit-down restaurant is used to test both items for both sit-down and carryout outlets.

The company is also testing a new combination sit-down/carryout strategy, a modified version of its famous multiconcept Sky Room. The offspring features a chicken and deli operation. Calorie and nutritional information will be included on the menu.

Chicago's Marshall Field's, acquired by Dayton Hudson this spring, will bring along both white-tablecloth and more casual concepts for its new parent.

NORDSTROM INC. \$39.0MM

Nordstrom has created the Garden Court, a super-upscale concept targeted to women shoppers. The 114-seat restaurant, debuting in the new Paramus, N.J. store in September, will be heavy on fresh salads, vegetables, and grilled chicken and fish items. Garden Courts also are slated for future stores in Chicago and Menlo Park, N.J.

San Francisco's caviar and champagne bar will not be expanded to other stores.

Despite its upscale image, Seattle-based Nordstrom's best seller is the 25-cent bottomless coffee cup. The Canadian Club and the soup, sandwich and salad combo are customer favorites.

—B.M.D.



Food courts might replace small sit-down units at McCrory's. Test items included fresh-dough pizza.

400: CAFETERIAS

CAFETERIAS FINE-TUNE SERVICE STYLES, TAKEOUT IDEAS

Chains downsize units and update service in search of the winning edge.

The last 12 months have been a year of consolidation in the cafeteria segment, as many of the big chains have spent their time fine-tuning innovations introduced in earlier years. And since cafeteria menus have always been broad and inclusive, new menu developments took second place to innovations in location, operations and design.

MORRISON FAMILY DINING DIV. \$368.0MM**

Morrison plans to build customer service, not units, in 1989, says Richard McGeoch, senior vice president. The Mobile, Ala.-

based company plans to open a few units this year, however, including one near Opryland in Nashville, Tenn. Expansion plans for Sadie's Buffet, Morrison's serve-yourself concept, are on hold, says McGeoch.

PICCADILLY CAFETERIAS INC. \$320.0MM**

Following this year's big trend in foodservice, Piccadilly, Baton Rouge, La., began a campaign to draw customers interested in nutritious eating with its "Build Yourself a Healthy Meal" program. Marketing Coordinator Henry Fourrier says the program follows American Dietetic Association guidelines by en-

couraging people to eat from the four basic food groups. The cafeteria now offers low-calorie salad dressing, sugar-free apple pie and gelatin with artificial sweeteners.

WYATT CAFETERIAS INC. \$192.0MM

Since the chain's employees bought Wyatt in a leveraged buyout in September 1988, they have been quietly rebuilding the company. "We were in limbo; now we are getting back into business," says President George DeShazo.

DeShazo says that the company is now experimenting with two ideas aimed at attracting more customers. The first is a limited-menu concept called a "Wyatt Express," designed to be located in mall food courts.

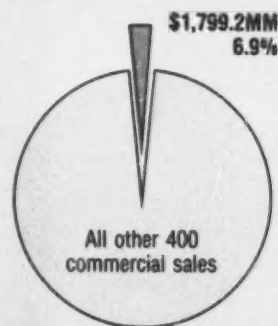
Second, Wyatt is expanding into new and smaller markets. Units will be built in towns with populations of 10,000 to 15,000.

Concerns for healthful food led Wyatt to work with the American Cancer Society.

OLD COUNTRY BUFFETS \$115.4MM

The big news here is not so much the food as the service. One of the chain's biggest franchisees, which operates units in the Northwest, has replaced the standard two-sided buffet line with eight separate food islands. The new format has already demonstrated the potential to increase customer flow from 260 people an hour to 340; two new stores testing the format have shown almost 33% higher volumes than stores in the old service style. —Stephanie Wood

CAFETERIAS ('88-'89)
Avg. sales growth 14.8%
Avg. unit growth 6.9%



TOP TRENDS

■ Emphasis on traffic-building, as chains seek to avoid cannibalizing markets. Example: Old Country Buffets will build capacity by rolling out "scatter-bar" service concept in new units and selected retrofits.

■ Remodeling units for drive-thru and the rise of catering as responses to demand for off-premise consumption.

■ Menus and signage promoting healthful foods and medically approved recipes—especially where these do not involve major recipe reformulations.

BEST SELLERS

■ Morrison's: grilled chicken, broiled fish, roast beef

■ Luby's: fish of all varieties

■ King's Table: ham or roast beef entree

■ K&W Cafeterias: chopped steak

■ MCL Cafeterias: fried chicken

A complete ranking of the 400 by segment begins on page 28.



Healthful side dishes made cafeteria menu news.

**company estimate

400: HOTELS

F&B OPERATIONS EMPHASIZE BIGGER AND FASTER SERVICES

Hoteliers look to banquet business for profitability and sous vide for speed.

Bigger is better. Because banquets are the most profitable area in hotel F&B, many chains have initiated ambitious marketing efforts and revamped their menu for high-volume feeding.

Presentation gets more attention today than ever before. "With banquet business, we are almost in the entertainment business," says Peter Kleiser, senior vice president of Hilton Hotels Corp., Beverly Hills, Calif. "A good meal is not enough; we have to keep things interesting. Even though nouvelle cuisine is out, it left a legacy of proper presentation."

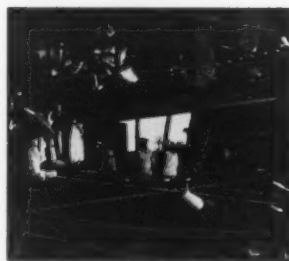
Presentation might become more important than

cooking in some hotel kitchens as more vendors offer sous vide products. With the cooking process reduced to reheating frozen product, the kitchen staff need only plate and serve.

A frozen inventory lets room-service menus offer full meals at any hour. With simple reheating equipment, lounges and bars can offer much more than typical bar snacks. Bulk inventory also reduces labor needs and speeds up service in banquet kitchens. Both Sheraton and Omni are currently looking into adding sous vide foods.

THE SHERATON CORP. \$1,557.7MM

Because the competition from free-standing restau-



Banquets offer a Mexican feel in a theme area in the Acapulco Princess Hotel.

rants is so strong, Boston-based Sheraton is concentrating on its strongest F&B services: banquets, catering and Sunday brunches. Particularly with banquet and meeting business, sales personnel are encouraged to work closely with their chefs, using food as an important sales tool. Beef is less popular; fish, chicken and veal sales are on the rise. Sauces on meat dishes are also less popular.

A trend towards putting facilities to multiple uses is reflected in the Torreyanna Grille in the Sheraton Grande Torrey Pines, La Jolla, Calif. The luxury hotel's single restaurant both serves breakfast and contains the property's only bar. Except for huge properties, newly built Sheraton hotels will contain only one restaurant/lounge.

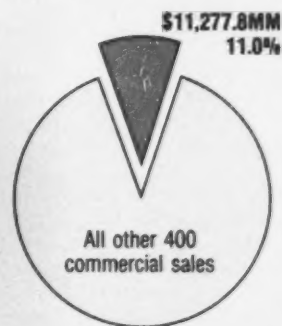
HILTON HOTELS CORP. \$1,094.0MM

Because a good meal is more important than ever to banquet and convention customers, Beverly Hills, Calif.-based Hilton offers many different menu items. According to Peter Kleiser, senior vice president, beef dishes are not selling as well



The Honolulu Hilton puts color into banquets.

HOTELS ('88-'89)
Avg. sales growth 6.2%
Avg. unit growth 4.8%



TOP TRENDS

- Increased emphasis on banquet business, the most profitable area of F&B
- Sous vide testing in room service, restaurant, banquet and bar applications
- Continued contracting out of F&B operations to established restaurateurs
- Upselling techniques and wine and liquor promotions to maintain beverage sales
- Free-standing restaurants, with no physical ties to the hotel
- Multiple-use facilities and other downscaling techniques

BEST SELLERS

- Steak
- Fish
- Lighter fare
- East meets West cuisine

COMING UP

- More combinations of different cuisines on one menu
- Takeout packaging affected by environmental concerns

A complete ranking of the 400 by segment begins on page 28.

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400: HOTELS

continued from page 153

Banquet trend: Meeting planners are selecting more fish, chicken and veal.

as they used to; instead, meeting planners request fish, fowl and veal.

Coffee breaks for business functions have been upgraded with such innovations as non-alcoholic drink bars, ice cream stands, fruit trees and yogurt bars.

Hilton's hotel coffee shops are running a number of chainwide promotions in 1990. "Taste of La Dolce Vita" offers a variety of Italian selections, including a tie-in with an Italian winery. "Taste of Paradise" will feature foods from Hawaii and other Pacific areas as well as Caribbean favorites. Tropical drinks will promote liquor sales.

HYATT HOTEL CORP.

\$863.9MM*

Hyatt has opened its first free-standing restaurant in La Jolla, Calif. Japenga, located near the Hyatt Regency, is operated independently and does not provide room service and banquet services to the hotel. The menu combines Asian and California cuisines in such menu items as wood-roasted

sea bass with tomato-kimchi salsa and pan-seared catfish with red pepper aioli.

The blending of cuisines also is evident at the Hyatt Regency Lake Tahoe—its Ciao Mein Trattoria offers both Asian and Italian cuisines. Appetizers include Szechwan noodles and fried calamari; entrees range from shrimp lo mein to fettuccine carbonara. Asian food accounts for 60% of sales.

On a nationwide basis, the Chicago-based company launched a two-month spring "Wok and Roll" promotion, featuring food and beverages from Japan, Korea, China and Thailand. Entrees included crispy duck with rice pancakes and plum sauce, wok-seared garlic chicken with shiitake mushrooms, and fish with ginger, leeks, sprouts and seaweed.

RADISSON HOTEL CORP.

\$325.0MM

Radisson has developed a branded concept, the Brasserie, for its new moderately priced Pierre Radisson hotel chain. The menu, primarily



Hyatt's first free-standing restaurant is in La Jolla, Calif.

classic American, has a few French items added to tie in with the name of the hotel. Marketing efforts will target the surrounding community for substantial lunch and weekend business.

The Minneapolis-based company also is considering building T.G.I. Friday's restaurants inside selected Radisson hotels; both companies are part of Minnesota-based Carlson Companies.

An aggressive push for banquet business began recently with a new print marketing campaign.

OMNI HOTELS CORP.

\$159.6MM

The Hampton, N.H.-based hotel company is testing sous vide products from several vendors. A test program measuring customer acceptance in one of the company's hotels will begin soon. Two previous tests brought high marks from both customers and the company's executive chefs.

In '89 the company introduced its "Simply Healthy" line of menu items, which includes pasta, salads, chicken and fish.

In keeping with an increase in takeout business, the Omni Richmond hotel, Richmond, Va., has opened the White Water Market,

adjacent to the hotel's White Water Cafe; the market offers guests freshly baked breads, rolls, pastries and desserts, as well as salads.

Expanding F&B beyond a hotel's walls, the Omni Hotel Charleston Place, Charleston, S.C., has begun a packaged off-site catering program for functions held in local historic locations.

PRINCESS HOTELS INTL.

\$84.9MM*

The New York-based resort hotel company uses elaborate theme areas to attract banquet and other group business. The Southampton Princess in Bermuda, for instance, moves portable backdrops into ballrooms and meeting rooms, and recreates the atmosphere of such places as Front Street in downtown Hamilton, Bermuda's capital.

During a summer food festival held at Harley's, one of the restaurants in the Bermuda hotel, chefs from the Scottsdale, Ariz., Princess showed how to make such Southwest specialties as Indian Corn Chowder with Chorizo Dumplings. Visiting chefs from the Acapulco brought Chicken Mole Poblano and other Mexican fare to the hotel during a later festival. —Rob Townsend



At Torreyanna Grille, breakfast and bar are combined.

*RAI estimate

400: CONTRACTORS

CONTRACT COMPANIES JOIN WITH CHAINS OR CREATE OWN BRANDS

Whether it's takeout, pizza or cookies, everyone is selling branded products.

The two challenges that contractors have been grappling with recently—smaller subsidies and greater competition from commercial operations—have not gone away.

In fact, they have intensified during the last year.

Contractors have responded by intensifying their efforts to attract more clients and customers and to increase average checks.

What this has meant for customers is more varied options—in the types of foods offered and the types of facilities in which they choose to eat.

Contractors have been investing in facilities in return for long-term commitments from clients. In many instances, the stainless-steel look is gone forever, replaced by colorful food courts.

More contractors are ar-

ranging to deliver food to offices of customers who want that service. If customers want to phone in orders so they won't have to wait in line, contractors will make that happen, too.

In addition, they are emphasizing nutrition in marketing materials, menu selections and preparation, and cooking techniques.

Where necessary, contractors also have helped companies downsize to cut costs while still providing quality service, either through more extensive vending programs or more mobile carts.

Many in this segment have jumped on the "branding" bandwagon, whether by creating in-house brands—such as ARA's Itza Pizza program—or through agreements struck with national and regional chains such as Morrison's relationship with McDonald's.



Canteen's Signature Products is the company's growing line of branded items.

To hype their "commercialization," contractors have put together slick marketing programs ranging from name and logo changes to the rollout of a new million-dollar takeout program.

MARRIOTT FOOD & SERVICES MANAGEMENT \$3,965.0MM†

In 1989 Marriott signed an agreement with Pizza Hut; now more than 100 Pizza Hut Kiosks are in Marriott's business and industry, health-care and college-dining accounts.

The Washington, D.C.-based company also expanded its services to include employer-assisted child care. (Marriott also entered a joint venture with Corporate Child Care last year.) It offers to help clients provide other conveniences to employees through managing convenience stores and dry-cleaning operations, too.

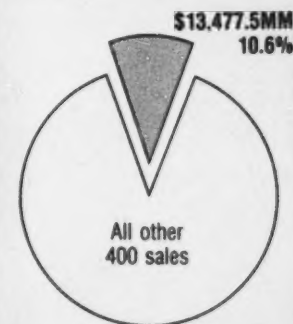
Marriott continues to add new modules to its corporate "Wellness & You!" health-awareness program.

Particularly interesting was the company's decision not to fold Corporate Food-service, a small, privately owned, New York-based upscale contract company that Marriott purchased last



Morrison's expects to increase sales in its units by 10% with its extensive and well-promoted Fast Takes program.

CONTRACTORS ('88-'89)
Avg. sales growth 10.4%
Avg. unit growth 3.3%



TOP TRENDS

- Management services for employee convenience operations such as dry cleaning and c-stores
- Takeout programs
- More service (office delivery, for example)
- Extensive training programs
- Slick marketing programs
- Branding of in-house programs
- Licensing agreements with national chains
- Branding of in-house foodservice divisions
- More healthful food selections and complementary nutrition awareness programs
- Expansion of territory to Europe and Asia through joint ventures
- Implementation of new sanitation programs
- More sophisticated signage and greater unit visibility

A complete ranking of the 400 by segment begins on page 28.

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400: CONTRACTORS

continued from page 159

Many companies are making plans to expand their foreign market presence.

year, into Marriott (as was done with its previous acquisitions such as Saga). "The decision fits with Marriott's branding of its own concepts—such as the hotel, the suites and the Courtyard," comments one industry observer. "Besides, Corporate had a bit of cachet that I'm not sure the Marriott name does when it comes to their contract foodservices division."

To meet customers' demands for more variety, the company continues to offer its "Passport to Culinary Adventure program."

Training is emphasized through the Respect hospitality program, taught in English, French and Spanish, and designed to develop repeat business by focusing on customer services and improving communications among employees. The com-

pany also initiated a Safety Awareness program, adding safety coordinators and implementing safety incentives.

Not content to be the largest provider of contract foodservice in the United States, Marriott expanded its territory by acquiring Sogsabec Ltd., a French-Canadian foodservice firm in Quebec.

The company also entered into a joint venture with Sumitomo Corp. and Royal Co. Ltd. to provide contract foodservice in Japan.

ARA SERVICES INC.

\$2,500.0MM

Since its inception in 1985, ARA's Itza Pizza, the company's trademark pizza concept, has grown into the nation's 12th largest selling pizza operation. Its popularity has opened up promo-

tional opportunities for contests and special events.

The Philadelphia-based company's Treat Yourself Right health and nutrition awareness program also remains popular.

Still popular, as well, is Gretel's Bake Shop, offering "home-made" cookies, muffins, breads, cakes, pies and Our Simple Cinnamons buns and rolls. "Gretel's succeeds because people see it, smell it and buy it," says the foodservice director of one college with the program.

To keep up with customer demand for ethnic food, the El Pollo Grande concept, with more than 60 recipes ranging from popular traditional favorites to trendy Mexican dishes, is offered.

The Cart program enables ARA to bring in additional dollars by moving colorful, attractive and full-function mobile carts—the Bagel Wagon, for instance—to customers, rather than making customers come to the food. There are also carts that sell hot dogs (with a variety of toppings) and made-to-order, deli-style sandwiches.

CANTEEN CO.

\$1,369.9MM

One of the most extensive operations and marketing packages ever designed by a contract company was created by Canteen as part of its "major strategic effort" for this decade.

Called the Saturn Program, its features include: signature products (a growing line of branded menu items including Pazzelli's Pizza, Bigger Better Biscuits, Classy Cookies and Muffin Mania); Creative Cuisine (a modular approach to menu management and merchandising, allowing managers to create a "food-court" concept in a dining area); Creative Juices (a complete series of fully packaged, POS promotions that

can be tailored to an individual unit's needs); and Saturn Standard (two reference tools detailing decorative merchandising and food presentation and menu merchandising, along with skills-training photo guides for new garnishing concepts).

MORRISON'S CUSTOM MANAGEMENT

\$580.0MM**

In 1989 Mobile, Ala.-based Morrison's Custom Management implemented what it considers its "most exciting and comprehensive foodservice and merchandising program." Called Fast Takes, the program is designed to take advantage of the takeout market. Today the market accounts for about 15% of total American foodservice dollars, with buyers on average purchasing takeout 1½ times per week at a cost of \$16.50. The long-term trend signals growth at 18% annually.

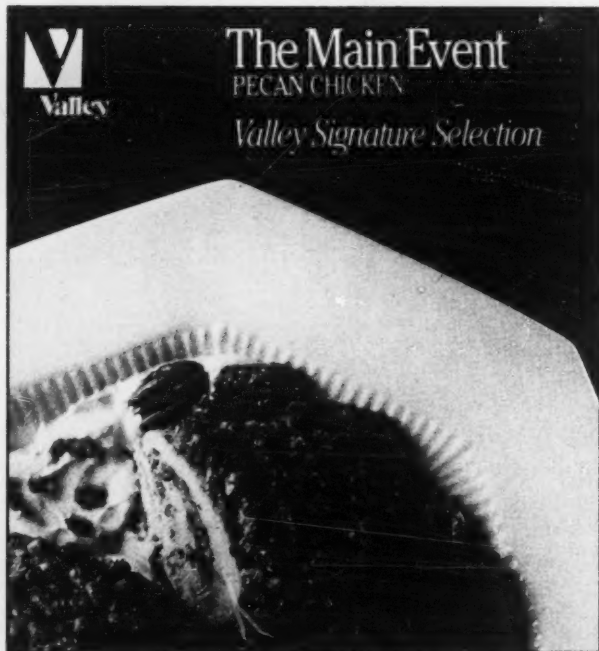
How does Morrison's expect to cash in on the trend? By increasing cash sales a minimum of 10% in participating operations; providing customers with more convenience; increasing customer counts, frequency and participation; improving service; and building employee morale and professionalism.

Included in the program are 30 signature items, which fall into four basic food categories, including: Big Biscuits (biscuits stuffed with scrambled eggs, breakfast meats and cheese, for example); The Stuffwich, pocket-style sandwiches that come in five varieties including Reuben, hero and barbecue; and Fast Bags, complete salad and sandwich entrees packed with "all the fixings," plus juice and dessert.

THE SEILER CORP.

\$376.1MM†

To increase customer counts and check averages, The



Valley added a Signature Chef series last year.

*R&I estimate; **company estimate; †commercial equivalent

continued on page 166

400: CONTRACTORS

continued from page 166

Improved signage attracts more customers to Dobbs' concessions.

Seiler Corp., Waltham, Mass., recently developed seven merchandising programs: Cuisine To Go (take-out), Slices Plus (pizza delivery), Happy Hours (food bars such as taco, baked potato, sundae, pasta and burger), Combos (combination meals "at appetizing prices") and Party Platters (deli, dessert, etc. platters to take home), Breakfast, and Banquet Awareness.

The company also revised its nutrition logo.

Employee training has received special emphasis recently. For example, when employees are "caught" doing something right in their customer-service approach, their immediate supervisor tells the division senior vice president. The employee then receives a "T.I.P.S. Zip," a letter of congratula-

tions from the senior vice president. "The letter, which comes on special T.I.P.S. Zip stationery, is very personal and specific to the action that prompted the recognition," says Gerri Bateman, vice president, training and developme-

RESTAURA DINING SERVICES \$200.0MM

Phoenix-based Restaura finds its Italian menu items to be the best sellers now. Items to be introduced this year include more healthful food selections such as marinated grilled breast of chicken and chicken salad Oriental, as well as "light" desserts.

THE WOOD COMPANY \$172.7MM

The Wood Company's entry into the brand-name market

took the form of "The Original Pete's Arena Pizza." Complete with color posters, table tents, point-of-service counter cards, take-out menus, coupons and assorted sportswear, the program "has all the elements needed to position [the contract operation] effectively against local pizzerias and the national brands," says a company spokesperson. Fresh house-made dough, 100% dairy mozzarella, mushrooms, bell peppers and red onion are the basic ingredients. Each pizza is shaped by hand and baked on a screen to ensure a crisp, New York-style crust. "Pete" also prepares stromboli and calzones.

This year the Allentown, Pa.-based company will introduce its "Wellness Program," which will include healthy menu selections, customer education on healthy lifestyles, nutrient analysis of recipes, and employee training on menu selection, food preparation and food handling. "Top Hits" a modular menu marketing program, will also be introduced.

DOBBS HOUSES INC. \$99.8MM

Regionality is the key word when it comes to the menus of Dobbs' airport concessions. The Memphis, Tenn.-based company will add more healthful selections and more freshly prepared products this year. To increase average checks, Dobbs will further emphasize merchandising higher-check items and positioning impulse items better to up add-on sales.

The company recently improved its signage and the visibility of units to attract more of the available customer traffic flow. As other companies are doing, it is bringing food to the customers by using more mobile food carts.

PROFESSIONAL FOOD-SERVICE MANAGEMENT INC. \$90.0MM

Professional has jumped on the bandwagon with its "Healthy Wealthy" program. Promotions for 1990 include PFM's 25th Birthday Bash, which will be featured in each of the company's accounts.

This fall the company will roll out its own branded-concepts program featuring signature items in pizza, deli and grill offerings and bakery products.

The Northbrook, Ill.-based company is promoting dining hall patronage in its contract accounts by sending out newsletters with menus, specials and a "What's Happening in Foodservice" section.

VALLEY INNOVATIVE MANAGEMENT SERVICES \$79.2MM†

There's no doubt that the customers of Jackson, Miss.-based Valley like the company's healthful selections: The best-selling menu items are fish, chicken and fresh vegetables. The company added a Signature Chef series last year, which includes a specialty soup, salad, vegetable, entree and dessert. The concept proved so successful that the company plans to expand the program this year to include additional items such as deli sandwiches.

Significant promotions last year included a variety of specialty takeout items such as Thanksgiving pies, Christmas dinners and Valentine's Day cookies.

To increase sales, Valley prepares food for off-premise service to churches, jails, private home catering and company picnics. Valley is in the process of developing a long-term marketing program that will include a name change to reflect better the company's new direction. —Susie Stephenson



The Wood Company entered "branding" with its "The Original Pete's Arena Pizza" program.

†commercial equivalent

400: MILITARY

BRAND-NAME CONCEPTS AND TAKEOUT MAKE MILITARY NEWS

Clubs battle budget cuts with consolidation, new concepts.

Budget cuts played a big role in military foodservice in '89 and continue to influence many decision-makers this year. The military club systems, in particular, have had to develop new strategies to survive because all government subsidies will be eliminated by October.

Military foodservice personnel are becoming more business-oriented, looking to boost employee productivity and customer checks (where applicable). Alternative serving systems, such as takeout, delivery and drive-thru windows, are helping meet customer demand for more service. In addition, nutrition concerns continue to loom large within all branches of the service, as new, more healthful items appear on menus and nutrition promotions become almost standard.

ARMY & AIR FORCE EXCHANGE SERVICE \$618.2†

The Exchange Service will open several Popeyes chicken franchises as well as add to its own brands with Chicken Loft and Sweet Reflections (an ice cream, yogurt and pastry concept). Traditional burgers and pizza reign as most popular menu items, but the service also added prepackaged salads, gourmet pizza and calzones in '89. Gourmet ice cream and gourmet coffee will be added this year.

U.S. AIR FORCE CLUBS BRANCH \$355.7†

Tactics to improve the bottom line include increased emphasis on food quality and customer service, promotion of new menu items and intensified membership recruitment. More ethnic items, such as Mexican and

Oriental, made their way onto menus, and the system plans to add more regional and midpriced entrees.

U.S. MARINE CORPS. \$252.2†

The Marines are keeping abreast of nutrition trends: They added both oat-bran cereal and multigrain bread in 1989 and plan to use olive oil in much food preparation this year. Despite these menu moves, however, enlisted men still give top marks to fried chicken, burgers and pizza.

U.S. NAVY OFFICER'S & ENLISTED CLUB SYSTEM \$177.2†

The Navy is combatting subsidy cuts by eliminating many traditional rank-segregated clubs in favor of new operations that will appeal to all hands. A concept development staff is creating in-house brand-name alternatives, such as family and fast-food restaurants, entertainment facilities and banquet/catering centers.

The first concept, a pizza and pasta restaurant called Parcheezi's, will open on several bases this year.

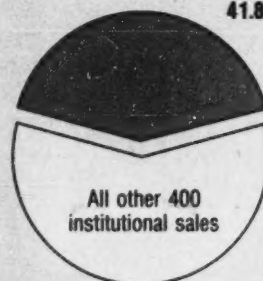
U.S. NAVY, BUREAU OF MEDICINE \$40.6†

The Navy's medical branch added baked potato bars in 1989 and breakfast bars are coming this year. The system boosted average checks in hospital cafeterias by initiating a la carte pricing. Promotions such as National Nutrition Month, Healthy Heart Promotions and Navy Day also helped to boost customer counts 16%.

—Maureen Pratscher

MILITARY ('88-'89)
Avg. sales growth 10.5%
Avg. unit growth 10.0%

\$4,774.4MM
41.8%



TOP TRENDS

- Creation of in-house brand-name concepts within club systems
- Continued emphasis on nutrition and more healthful menu selections
- Alternative serving systems, such as takeout, delivery, drive-thru windows and catering

BEST SELLERS

- Pizza
- Hamburgers
- Various chicken items

BEST PROMOS

- Nutrition-based promos, such as the Marine Corps' "Fit to Fight"
- Ethnic promos, such as Black History Month and Hispanic Heritage
- Holiday and theme meals

COMING UP

- Increased emphasis by clubs on bottom line to make up for subsidy cuts
- Continued computerization and automation
- Increased training to boost employee skills, productivity and morale

A complete ranking of the 400 by segment begins on page 28.



The U.S. Navy Clubs Systems will open its first in-house brand-name concept, Parcheezi's, at Naval Air Station Moffett Field in California this year.

400: TRANSPORTATION

TRAVEL FOODSERVICE TRIES THE HIGH-QUALITY ROAD

Caterers wrestle with bankruptcy, customer demands, the sauce problem.

It was a textbook example of a "mixed" year in transportation. On one hand, carriers such as American, United and Northwest saw passenger miles flourish on their Pacific routes and anticipate more of the same this year. On the other, giant Marriott Corp. looked at the future of airline catering and agreed to sell its In-Flite division to top executives who renamed it Caterair International. No. 2 domestic carrier Eastern Airlines filed for Chapter 11 protection after a prolonged machinists' strike; but No. 1 rail carrier Amtrak saw ridership climb to its highest level of the decade.

On the foodservice front, the industry has spent the last year improving menus in an attempt to change the image associated with "typical" air and rail food. They've spent money on it, too: According to Airline Economics, a Washington, D.C., consultant to the industry, the 10 largest U.S. airlines spent \$2 billion on food last year, or \$5.05 per passenger. That's up 13% from the amount spent per capita in '88, and up 22% from '87.

Not only will the business class be dining on first-class food, but coach offerings also will be upgraded. A number of caterers say airlines' main request is that they use less sauce in preparing the entrees. So far, most caterers have found this a difficult request to fill: Keeping the reheated food moist without covering it in

sauce is not easy in the super-dry atmosphere of a galley kitchen at 35,000 feet.

According to many airline caterers, client airlines are beginning to participate more in the foodservice process, mostly by pressing the caterers to respond to passengers' requests for lighter sauces and fresher side dishes. On the other hand, say caterers, chocolate fudge desserts remain popular on all flights. And American Airlines has begun offering first-class passengers fresh-baked chocolate chip cookies and do-it-yourself sundaes.

DOBBS INTERNATIONAL SERVICES

\$442.1MM†

Client airlines are taking more of an interest in the way food is prepared, says Linda Blake, a registered dietitian for Dobbs International, Memphis, Tenn. "They now specify how the food should be prepared," says Blake.

According to Blake, passengers special-ordered "tremendous numbers" of special meals last year; she is not sure if this is because people are pickier or more demanding about their food, or simply because the public is more aware that the meals are available. Special airline meals now prepared include fruit plates, low-calorie, and diabetic trays.

Blake believes that, while it will be a gradual process because of the expense to airlines, the trend will be to keep improving airline food.

SKY CHEFS INC.

\$415.0MM†

"We have been developing new recipes and menus for most of the airlines we service at an accelerated rate," says Brian O'Loughlin, corporate executive chef for the Dallas/Fort Worth Airport-based operation.

"Airlines want food that is lighter, they want fresher vegetables," says O'Loughlin. Sky Chefs is cooking up sauces and salsas to complement their entrees, for instance, and they will be on the side, not on the meat. Another airline Sky Chef caters to recently worked with the American Heart Association to plan meals that met health guidelines.

UNITED AIRLINES

\$383.2MM†

Responding to demands for healthier food, United Airlines, Elk Grove Village, Ill., has replaced butter pats with margarine. United also provides more than 15 special meals to meet individual dietary and religious needs. In addition, United will expand pasta and seafood offerings on its menus.

TRANS WORLD AIRLINES INC.

\$267.0MM†

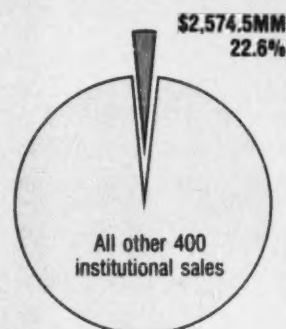
On international flights, New York-based TWA now offers five different entrees. Chicken items are partially cooked in the commissary kitchen and then finished on the plane.

TWA also will be experimenting with cold-meal plates on international flights. A snack basket, providing half of a sandwich, cheese and fruit, is a new option on the first-class menu.

—S.W.

TRANSPORTATION ('88-'89)

Avg. sales growth - 1.2%
Avg. unit growth - 1.2%



TOP TRENDS

- More Pacific routes by U.S. carriers, and more Pacific- and Japanese-influenced foodservice
- General shift back from no-frills meals to full foodservice now that price wars are cooling down
- More preparation of "special" meals, from low-salt to kosher: Caterair's New York kitchen assembles up to 1,500 a day
- More requests for fresher foods and lighter sauces

COMING UP

- \$100 million to be spent by Northwest Airlines to upgrade foodservice in next five years, including full meals on 60 daily flights that used to serve only snacks
- Increased competition from small and midsize airlines that can fine-tune foodservice for smaller riderships

A complete ranking of the 400 by segment begins on page 28.

400: HEALTH CARE

CUSTOMIZED MENUS KEEP 400 COMPANIES AT TOP OF MARKET

Tightening market makes operations focus on serving quality and costs.

The health industry found itself last year in a very familiar struggle, caught between financial officers looking for profit performance and medical consumers expecting more for the high prices they were paying. As a result, foodservice margins fell to less than 2% for hospitals and 8% to 10% for nursing homes and long-term care facilities.

Nevertheless, the largest companies in the health business now are pursuing market share by offering the best quality they can afford, and that includes amenities such as foodservice.

Customized menus help these corporations stay at the head of the market. More streamlined menus

now are designed to meet client needs, period. Any frills must be justified in terms of payback. And revenue-generating activities, once an option, now are part of the daily routine.

Trends in hospital foodservice menus include foods that save steps; labor is still a concern for many.

In the nursing-home sector, more appetizing presentations mean a decreased need for food supplements, since residents eat more. They also entice residents' families and friends to stay for a meal and beef up bottom lines.

Specifically, these major players have realized the necessity of providing foodservice selections that meet the preferences of employ-

ees—who these days can account for as many of 65% of the meals served in health-care facilities. Those who haven't made deals with chains undoubtedly will in the future.

Freshness, or even the appearance of freshness—whether that means salads, fresh grilled fish or deli sandwiches—continues to gain importance. Employees are willing to pay for quality. So, too, are patients' visitors and even area walk-ins.

Some of the hottest items these days are bake-off products. Requiring few skills or labor, they appear fresh and the bake-off process creates an allure hard to resist.

NATIONAL MEDICAL ENTERPRISES

\$280.0MM†

"Labor is the No. 1 factor we look at when considering any menu changes," NME

continued on page 178

HEALTH CARE ('88-'89)
Avg. sales growth 7.6%
Avg. unit growth -1.4%



TOP TRENDS

- Quality, quality, quality: superior menu items, via cooking from scratch or prepared foods
- Offering members the advantages of contract management with local control
- Localized menu planning with regional and ethnic food to match client preferences
- Increased participation in Meals on Wheels and other community feeding programs

COMING UP

- Reorganization of Humana into two divisions—one for hospitals, one for HMOs—might help declining admissions.
- Re-examination of federal tax laws surrounding the purchase of nursing home chains, will slow the current wave of divestitures.
- Life Care Center Corp. (nursing homes, retirement facilities) will merge with National Heritage Corp. (long-term care, assisted living).

A complete ranking of the 400 by segment begins on page 28.



Unicare makes menus marketing tools with regionalized dishes, special puréeing.

400: HEALTH CARE

continued from page 177

Dietitians' input and regional menus add interest to mealtime.

spokeswoman Trudi McComb says. "We just don't have the people needed to pull off complex items every day."

As a result, most entrees leaving the kitchens of Santa Monica, Calif.-based NME are creations requiring little labor. "Prepared foods figure very prominently," McComb says.

McComb adds that most cafeteria menus have been streamlined to include only selections popular with customers. "We don't want to waste time preparing something no one will eat," she says, adding that food trends in NME cafeterias often mimic those of nearby restaurants. "If fajitas are in, that's what we'll be serving," says McComb.

Specific trends that stretch companywide are rare, McComb says, since each facility makes up its own menus. "Our units are

autonomous except for the long-term care operations," she says. "But there, too, client satisfaction is our main goal."

HOSPITAL CORP. OF AMERICA \$135.7MM†*

Like most health-care companies, Hospital Corp. of America, Nashville, Tenn., keeps a close eye on industry trends, says dietary consultant Bruce Moilan. "And like many major corporations, we went through an LBO that split us into two different companies," he says.

Moilan's division, formerly HCA Management, now is known as Quorum Health Resources Inc. With the new moniker has come a new outlook on foodservice, one Moilan says can be divided into three areas.

"First of all, we're beginning to look at health-care foodservices as actual business units," he says. "They

no longer just supply meals daily, but are also required to meet budgetary compliances, participate in strategic planning and, perhaps most importantly, assist in marketing our facilities to the public."

Moilan adds that a new companywide quality-improvement program is aimed at foodservice as well as other hospital departments.

The third area of emphasis is NutriCore, a pilot program designed to break down barriers between vendors and hospital foodservice directors. By setting up purchasing agreements and rebate programs with national purveyors, the company will be able to help independent directors buy at lower prices usually reserved for large contracting companies.

At the individual unit level, there are a couple of trends worth noting: a back-to-basics approach at some facilities, and a move toward name-brand food items.

THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY \$47.0MM†

Two full-time registered dietitians recently were hired to work with a cluster of four facilities; their expertise has brought about dramatic changes at the participating units. "These people are now employees, not just consultants," says Ed Kilen, director for resident and community services. "They are committed to success for their facilities, and for their company."

The dietitians' recommendation for more menu items cooked from scratch has brought about an increase in food quality, accompanied by a decreased need for food supplements. Kilen says, "We're selling more guest meals now, and we even have a dinner theater, put on in conjunction with the

local high school, in one facility."

The heightened emphasis on quality has an added benefit: On-the-job enthusiasm has increased tremendously. "The employees are proud to have guests at meal times—they used to grumble about extra meals," says Kilen.

Kilen adds that the dietitians are cost-effective, too. "Instead of paying consulting fees, we pay salaries," he says. "The money seems to go a lot further this way."

UNICARE INC. \$39.8MM†

From regular diets to purées, says Executive Director of Dining Services Mary Schmitt, the dining services staffs working for Milwaukee-based Unicare try to prepare foods in a way their clients will find most appealing. "We have regionalized menus, so people are seeing the kinds of foods they're used to," she says.

Puréed diets, long a curse in nursing facilities, have received special attention, Schmitt says. "Years ago, meat was thrown in a blender with a little broth, then thrown in a bowl and served. Now we purée the meat with eggs, bread and other binding agents to make a kind of soufflé. After it's baked, we slice and serve it with gravy. It still requires no chewing, but it's much more aesthetically pleasing."

Unicare's dietary excellence has allowed most units to participate in a number of revenue-producing activities. Meals on Wheels and other community feeding programs, catering and guest meals all add dollars to the company's bottom line.

A computerized food management program makes bidding a snap. "We plug in a menu and cost out the food items, then add in labor and a profit margin," Schmitt says.

—Pam Erickson



Labor shortages, along with falling admissions and profits, spelled career change for many foodservice directors.

*R&I estimate; †commercial equivalent

400: EDUCATION

SCHOOLS GET GOOD GRADES FOR NUTRITION AND CONVENIENCE

Stylish marketing programs grab kids' attention, push good-for-you foods.

Flexibility is the trend in the educational market this year—flexibility in equipment, in the kinds of foods served, the composition of the food and even in the "ownership" of operations.

Educational institutions are designing their kitchens and serving areas to be more adaptable to current trends. Gone are pieces of equipment firmly bolted to the floor. They are being replaced with equipment that can be moved—either around in a serving area (for more flexibility in serving configurations) or around a campus (to target clusters of students who gather together at particular times or places).

Schools are also finding it to their benefit to concentrate on the breakfast mar-

ket. Not only does this help increase their reimbursement dollars, but far fewer students are eating breakfast at home, and research continues to confirm what educators have always known: Students who eat breakfast perform better in school.

The composition of menu items also has been changed. Many more foodservice directors are trying to provide students with more healthful selections.

The line between institutional and commercial is becoming more and more blurred in both schools and colleges. In Florida, for example, Orange County schools are now selling Domino's pizza to students for lunch.

Schools have faced one dramatic problem this year that colleges have not: a se-

vere reduction in the types and amount of commodities that have been made available.

College and university foodservices, on the other hand, are battling for a client base brought up on fast food and no longer satisfied with traditional board-plan offerings. They have responded—similar to the reaction of foodservice departments in schools—by taking food to students rather than making students come to a central location.

Whether served on serving lines or at food courts—which are sprouting on campuses nationwide—the options facing students these days are bountiful and varied, ranging from taco salads to sushi to go.

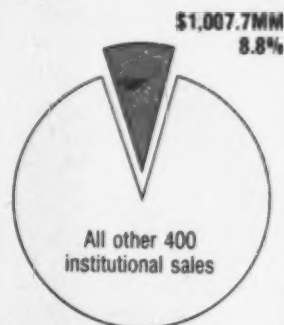
NEW YORK CITY BOARD OF EDUCATION \$282.8MM†

The emphasis in New York City's 1,247 public school serving areas is on healthful food, according to Denise Toulon, director of food technology. Salad bars, including fresh vegetables, are popular with students. As with all operators, Toulon is trying to balance healthfulness with acceptability. The district also is increasing its emphasis on nutrition education, continuing to try to use the cafeteria as a "laboratory" for what's being taught in classrooms.

The most popular entrees: barbecued glazed chicken bites (an unbreaded baked item), chicken nuggets and chicken bites.

A Mother's Day promotion was so successful last year that this year the schools celebrated Family

EDUCATION ('88-'89)
Avg. sales growth 9.6%
Avg. unit growth 2.4%



TOP TRENDS

- Designing kitchens and serving areas to be more adaptable to current trends
- Concentrating on the breakfast market
- Making foods more healthful by changing specs or decreasing salt, sugar and fat in menu items prepared in-house
- Blurring lines between commercial and institutional as more schools and colleges offer brand-name products or open units on campus
- Adapting menus to respond to changes in available commodities
- Taking food to students through kiosks, mobile carts and "pocket" units

BEST SELLERS

- Pizza
- Ethnic/spicy items: fajitas, gyros and fiesta salads, barbecued glazed chicken bites
- 100% fruit juices and other healthful foods
- Breakfast items: pancakes and bran muffins

A complete ranking of the 400 by segment begins on page 28.

Many schools now offer convenient sack lunches.



continued on page 186

†commercial equivalent

400: EDUCATION

continued from page 185

Michigan State opens "pocket" units in academic buildings for new sales.

Week. Not only does this special event give parents a chance to dine with their children, says Toulon, but it also gives the department a chance to showcase the plethora of food items served.

DADE COUNTY (FLA.) SCHOOLS \$70.0†

In Dade County, the most popular menu item is pizza. Foodservice Director Jack Hastings placed fajitas and gyros on the menu last year and plans to add other healthful food items such as tofu to the menu this year. To help blacken bottom lines, foodservices implemented a more extensive a la carte program in the district's high schools and started providing foodservice to after-school and day-care programs.

HOUSTON INDEPENDENT SCHOOL DISTRICT \$56.4MM†**

"We're going to continue to win the kids by trying to get them to understand why it's important to develop a life-

style that includes eating 'correct' foods," says Foodservice Director Hexser Holliday about further implementation of Houston's "Choose Right—Eat Right" program. "We believe it's best to implement the program with kids while they're still little, and then the good eating habits will spill over," he says.

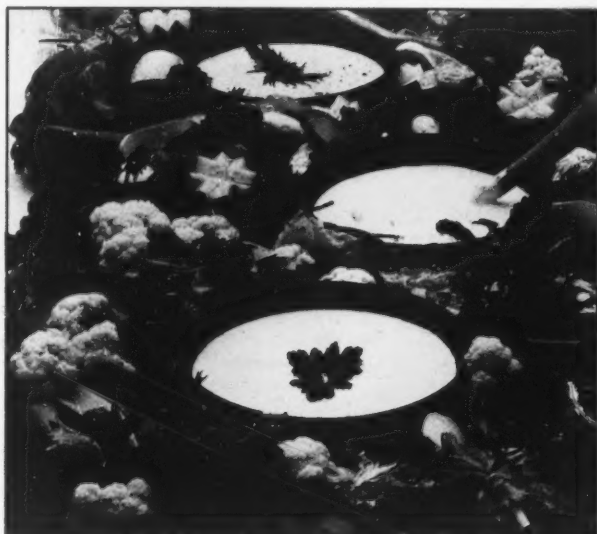
To do this, the department will continue to modify all recipes to reduce the amount of fat, sugar and salt in foods and to increase the amount of fiber.

DETROIT PUBLIC SCHOOLS \$50.4†**

Greater menu variety at all grade levels—that's the most important change made in Detroit schools in 1989. Entree selections were increased from one or two to three or four daily. Bran muffins, cherry turnovers and bagels were added to breakfast menus; the number of schools participating in the breakfast program almost doubled—to 111 schools.



MSU is opening more operations in academic buildings.



Salads remain popular with students.

SCHOOL DISTRICT OF PHILADELPHIA \$49.3†**

"If equipment existed that was mobile, that's what we would buy," says Tom McGlinchy about a decision the foodservice department made not long ago about its purchasing practices. "This would enable us to move equipment easily if we closed a facility. We now can also put serving lines in the middle of a dining area if the lines at the regular serving areas are too long."

Mobile carts are also used for the catering the foodservice department does at after-school activities such as football games.

DALLAS INDEPENDENT SCHOOL DISTRICT \$36.4MM†**

Dallas has joined the ranks of schools implementing "healthful" programs with its "The Healthy Alternative" specialty food bar, which offers light choices for students and adults in select pilot schools. Food items added in 1989: prepackaged breakfast items.

What's ahead for 1990? Pasta salad; manicotti and the "Healthy Meal Deal"—

lunch boxes featuring whole-wheat croissant sandwiches, roast beef pita pockets, fresh fruit and raw vegetables.

MICHIGAN STATE UNIVERSITY \$3.7MM†**

"A few years ago, we identified the growth market as taking food to the customers," explains Bob Underwood, assistant vice-president. "We had some fixed foodservice locations that were not growing; we had already brought private enterprise onto the campus by putting a food court in the Union—that was the beginning of grazing for us. About the same time, the academic community wanted us to provide more foodservice in the classroom buildings." So Michigan State started putting in "pocket" food areas that offer students fresh cold sandwiches, "home-made" soups and fresh salads, including taco salads in shells and chef's salads. The university also started selling 100% fruit juices and packaged frozen entrees that, Underwood says, often appeal to traditional brown baggers.

—S.S.

**company estimate; †commercial equivalent

ACTION EXPRESS

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AUGUST 8, 1990

RESTAURANTS INSTITUTIONS

To Managers From Hourly Workers

◁ *Dim Sum, A Bright Offering At Levi Strauss Employee Cafeteria*

Shakeout In San Francisco

AND

Menu Ideas: Best Of The Bay

MORE INSIDE! SEE PAGE 2

28 R&I EXCLUSIVE: AN OPEN LETTER FROM THE WORK FORCE

Hourly workers are the backbone of the foodservice industry. At the door and standing guard over a company's image are the hosts and hostesses, many without adequate public relations training. In the heat of the kitchen, with responsibilities for preparing the industry's foods, is the cooking brigade. Fast-food workers suffer scheduling nightmares, and the silent army of busers and dishwashers join in a chorus of what hourly workers think about their jobs. We report their attitudes verbatim.

58 CALIFORNIA SPECIAL: SHAKEOUT IN SAN FRANCISCO

San Francisco, rich with a long tradition of fine foodservice and hospitality, boasts 3,400 restaurants—one for every 508 residents. (The national average is one for every 856 residents.)

But that very abundance of restaurants, along with plummeting tourism and convention business, cocooning baby boomers and street crime add up to challenges for restaurant operators in the beautiful city by the bay.

78 BEST OF THE BAY MENU IDEAS AND RECIPES

To stay competitive, astute restaurateurs in the San Francisco area are scaling down restaurant size, menu prices and even hours of operation. Despite more spartan settings, however, San Franciscans still expect fresh, lively food and culinary adventure.

93 PRODUCTS ON PARADE AND AT ATTENTION

R&I salutes new and proven products and presents tested recipes and merchandising aids, which are available for the asking by way of the Reader Service Card at the back of the issue.

TASTE 58

Nicoise salad from the Levi Strauss employee cafeteria meets San Franciscans' appetite for freshness.



Hourlies

give their side.

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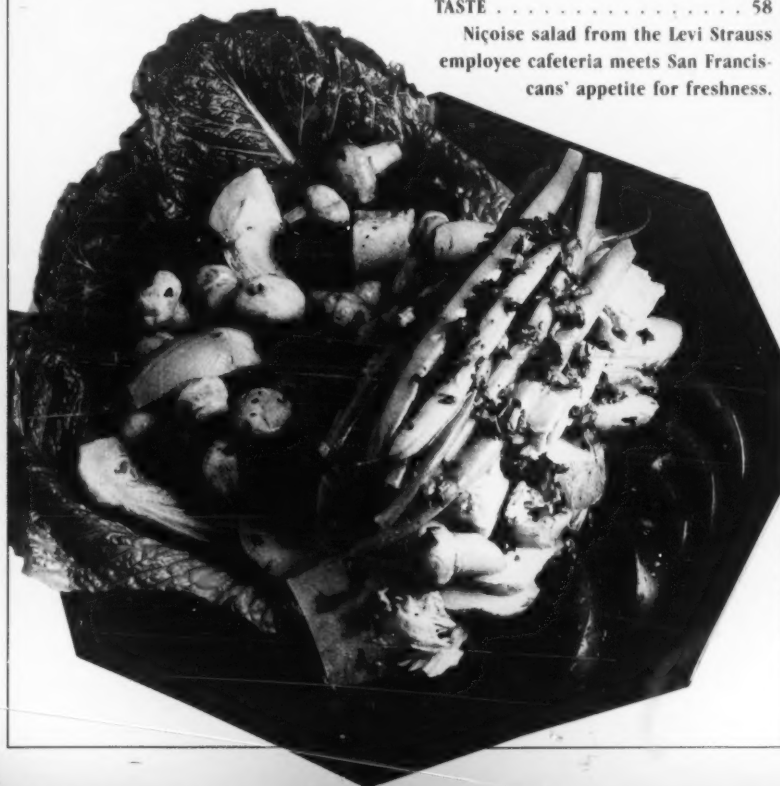
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Letters from the Front Line



Enrique is a dishwasher in a fine-dining restaurant. He earns about \$3.50 hour, shares an apartment with his two brothers, and sends most of his paycheck back home to his family in Guatemala. He stands seven hours a day in the dish room, feeding expensive tableware into a machine or scrubbing pots, grills and cutting boards until they are as clean as they day they came into the kitchen. The boss, who also worked the dish

detail when he started in the restaurant, will have it no other way.

Enrique likes his job. The fact that he has one, can pay his bills and send money home, gives him self-respect. He has seen one of his brothers go on to being a back waiter, with the promise of moving to the front. This is progress, opportunity. It makes Enrique feel he was right to come to America. He feels foodservice has put him on the right track.

For all the managers and executives in foodservice operations, Enrique is a public relations model, someone who is supposed to represent all hourly workers. The truth is, he's a minority. Some of the dishwashers, waiters, busers and line cooks are basically happy and fulfilled, but the large majority still want more. Allowing for the chronic complainers who are never satisfied, average hourly workers believe that their jobs offer, as the Spanish-speaking among them say, "mucho trabajo, poco dinero."

That's OK. The foodservice industry is not Sunnybrook farm. Owners and executives are not obligated to provide ideal working conditions, salaries and benefit packages. Conversely, if they feel hourly workers are a cheap commodity to be handled as such, they are in error and perpetuate the perception that the industry feeds off unrewarded sweat and toil.

Too often, managers and executives don't want to hear what hourly really think. To help them listen, and respond, *R&I's* editors went into the kitchens and back rooms of the industry to get a fix on what hourly workers want most. We ask all managers to read "Open Letter" on page 28, then do something about the gaps that exist, so more hourly workers decide to stay, at a time when we sorely need them.

MIKE BARTLETT

& RESTAURANTS INSTITUTIONS

THE HILL

NRA TASK FORCE TACKLES HEALTH BENEFITS ISSUE

The National Restaurant Association's Mandated Health Benefits Task Force has taken the offensive in developing incentive-based legislation that would act as an alternative to proposals that require employers to provide health insurance.

The association and Task Force Chairman Biff Naylor

are working with Sen. Orrin Hatch (R-Utah) to get a bill into the Congressional hopper before the nation's health-care crisis worsens and legislation introduced by Sen. Edward Kennedy (D-Mass.) picks up steam.

One of the NRA's suggestions is a provision that would make it easier for small businesses to form multi-employer trusts. As a group, small businesses can centralize administration and gain a more stable risk rating. Programs like these are working successfully in Wisconsin and California.

The association also

would like the government to allow a 100% tax deduction for any business that provides health insurance, especially small independent operators and not just corporations. According to the Employee Benefits Research Institute, 22.4% of the self-employed do not have health insurance. The current 25% deduction provides little incentive for self-employed businesspeople to provide coverage for themselves or their employees, according to Naylor, a California restaurateur.

The NRA also would like to find ways to eliminate unnecessary medical procedures and revise malpractice laws to reduce liability insurance costs for physicians. The NRA also questions underwriting practices and the right of insurers to deny coverage to certain small businesses and occupations that are arbitrarily deemed risky.

Naylor says in the long run, all the recommended solutions will be realized.

—Jeff Weinstein



Sen. Edward Kennedy, sponsor of the mandated health benefits bill.

VITAL STATISTICS

□ 45% of all full-service patrons pay for their meal with a credit card when dining out.

□ Nearly 65% of the 35 billion pounds of potatoes grown in the U.S. each year are made into potato chips, dehydrated instant mixes and frozen items such as french fries.

□ California restaurants generated median sales of \$6,344 per seat in 1988, 52% higher than the U.S. median.

□ Nearly 60% of American executives believe that employees who don't give two weeks' notice might hurt their career opportunity.



□ The average American eats a hot dog once every six days.

□ Yellow Pages listings for yogurt shops increased 45.8% during 1989.

□ Employee productivity in eating and drinking places increased 1.3% annually from 1985 to 1988.

□ On a given day, 40% of adults do not eat fruit, 20% do not eat vegetables and 80% do not eat any high-fiber cereals or whole-grain breads.

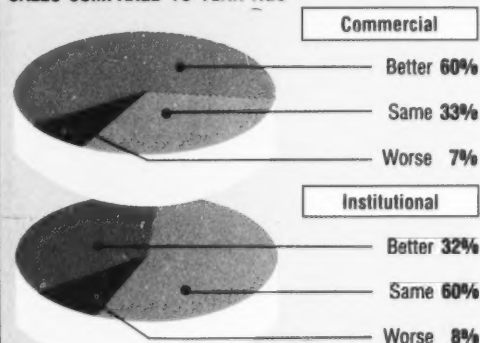
For sources, see Action Express on page 110.

R&I DATA

CONFIDENCE IS UP

Last year at this time, only 53% of commercial operators termed sales as better than the previous year. Also, when surveyed in June, operators reported traffic counts up 47%, compared to a year earlier.

SALES COMPARED TO YEAR AGO



TRAFFIC COUNTS COMPARED TO YEAR AGO

	Commercial	Institutional
Up more than 10%	13.3%	10.0%
Up 1% to 10%	46.7	17.5
No change	31.7	55.0
Down 1% to 10%	6.7	12.5
Down more than 10%	1.7	5.0
Average:	+ 3.8	+ 1.0

Restaurants & Institutions Bureau of Foodservice Research.

SERVING THE TOTAL FOODSERVICE INDUSTRY

AUGUST 22, 1990

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TASTES OF AMERICA

R&I'S 1990
CONSUMER SURVEY

LEVY LAUNCHES
NEW SPECIALTY
CONCESSIONS—

◀ Venison On A
Field Of Greens

FOOD BONUS

*Autumn Leaves,
Game Dishes,
Spice Know-How*

FOREIGN MARKETS: DOING
BUSINESS IN CANADA

More Inside!
See Page 2



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36 R&I EXCLUSIVE: TASTES OF AMERICA

Want to know if all those people who say they're eating healthfully really are? *R&I*'s Tastes of America survey divulges demographic trends—and confirms some common-sense suspicions—concerning Americans' dining-out choices.

84 CHAINS SEE THEIR NAMES IN NORTHERN LIGHTS

Canadian foodservice sales are expected to exceed \$26 billion (Canadian) in 1990. In our Special Report, *R&I* takes a hard look at Canada's economy, its trade agreements and the strategic plans of top U.S. chains.

118 TIME TO TURN OVER A NEW LEAF

When autumn leaves fall into recipes and onto menus, foods become more

robust, more interesting. Seasonal greens and vegetables will be cropping up soon in composed salads and entrees with other savory elements—poultry, seafood and meats.

175 MOBILE KITCHENS BECOME A DRIVING FORCE

A chain operator, a caterer and a cautious restaurateur each wanted a mobile kitchen. This issue's Equipment section describes how they reworked operations to put their meals on wheels.

186 THE HUNT FOR GREAT GAME RECIPES

Game—buffalo, deer and elk—still is unfamiliar territory for many restaurateurs, but European-trained and young American chefs have begun to offer more game items on the menu. Farm-raised game is milder in flavor than wild game, affordable and adds adventure to a menu. Our Food feature includes recipes and the *R&I* Great Game Glossary.

TASTE 134

Seafood entry from Culinary

Team USA's "Mystery

Box" competition

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R&I EXCLUSIVE

■ CONSUMER SURVEY

AMERICAN T A S T E S

1990

R&I's survey tells you
who your customers are,
what they're buying —
and how they feel
about dining out.

Confused by consumers who talk healthy but eat hearty? Got the feeling that off-premise is a bit off? Wondering if the ecology-minded "green" market will put money where its mind is and pay for recycled packaging? Wonder no more. As it has done almost every year since 1980, the latest *R&I Tastes of America* can tell you if those instincts are on target. The survey, conducted by the polling firm of National Family Opinion among almost 1,400 households last May, freeze-frames the foodservice behavior and beliefs of a nation. As usual, some of the details aren't pretty. For example, customers are indeed dining out less often each week than they used to, and are spending less to do so. But operators can take heart from the survey's other findings. The growth in number of two-paycheck households augurs well for foodservice; those couples budget much more for restaurant dining than one-income families. And while many customers admit to being more concerned with nutritious eating, the Tastes study identifies a full menu of food items—grilled chicken, frozen yogurt, seasoned fries—that appeal to all appetites. Best of all for the planet, most restaurant consumers *would* pay more for recycling, and for biodegradable food packaging, too. (One procedural note: Because the last Tastes of America survey appeared 20 months ago, in December 1988, that is the latest year available for comparisons.)

—By Brian Quinton, Beth Lorenzini and Rob Townsend

WEEKLY SPENDING SLIPS— BUT NOT TOO FAR

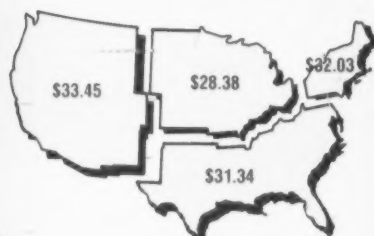
The average household now spends about \$31.11 a week on eating out, about 2% less than December '88. But that still makes 1990 the second-best year of the decade, even if it beats '87 by only a few pennies. By comparison, the average household of 1980 budgeted \$22.71 a week for food eaten away from home.



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TASTES OF AMERICA AT A GLANCE



REGIONAL DINING OUT BUDGET (weekly per household)

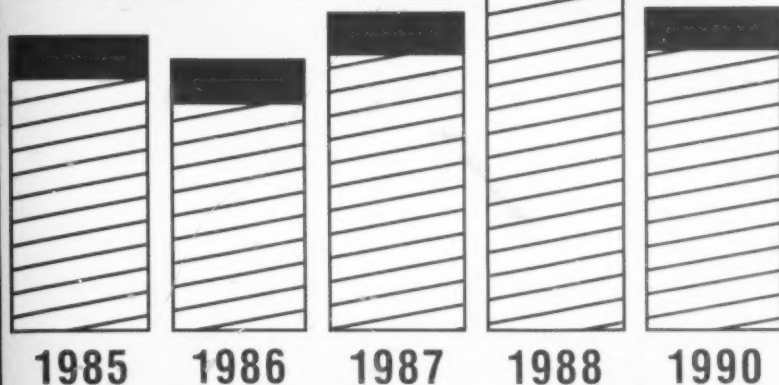
★ More than 96% of all households ate out last month. The typical household eats 9.6 meals out each week.

★ An average male adult eats out 5.28 times a week; the average female adult, 4.25 times; the average child/teen, 5.49 times.

★ 70.2% of those surveyed ate in a fast-food hamburger restaurant last month, making it the most popular type. Next came casual dining (48.9%) and pizza places (46.4%).

★ Three in four households practice "more healthy" eating habits than last year, consuming more fruits and vegetables (79.1%), more low-cholesterol foods (77.7%), and more low-fat items (76.7%).

★ More than half of all households would pay more or go out of their way to patronize a restaurant that recycled paper and/or plastic, cut down on its packaging or used biodegradable packaging.



Source: 1990 R/I Tastes of America

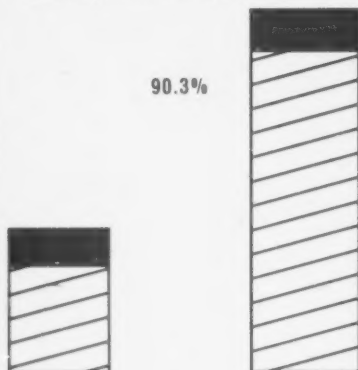
TASTES OF AMERICA

HABITS

THOSE WHO DINE OUT...

More than half the households surveyed include at least one member who dined out in the last 24 hours.

Total respondents = 100%



- Ate out yesterday
- ▨ Ate out last week
- ▤ Ate out last month

...AND THE MEALS THEY BUY

Lunch is a larger proportion of meals out than December '88, while dinner and breakfast hold steady.



Lunch 41%



Source: 1990 R/I Tastes of America

Mixed review: Weekly spending is down, but still reaches its second-highest level in 10 years.



In the area of dining-out behavior—how much people are spending on food away from home, and how often—the best news, quite frankly, is that the bad news isn't terrible. The big numbers are undeniably off from the last Tastes survey in late '88. For one thing, weekly dining-out spending per household is down 61 cents to \$31.11, a drop of about 2% from 1988's decade high. Today's average U.S. household is eating 9.6 meals out in a given week, compared to 10.1 in '88.

Both those figures, however, are still at their second-highest levels of the last 10 years. (For a dash of perspective, the first Tastes of America survey, fielded in 1980, found that the average American household ate 6.4 meals out per week and spent \$22.71 to do so.)

Lunch is 46% of all meals men buy, and about 40% of those women buy.

This year's respondents are also more likely to have dined out in the recent past. Of all households polled, 96% say one of their number ate out in the previous month, and 90.3% report that someone ate out last week. That's up slightly from 95.5% and 89.4%, respectively, in '88. When asked if anyone in their house ate out yesterday, 52% say "yes" this year, compared to 46% last time around.

MEAL-SPENDING MAP

Regional breakouts of spending and frequency both show mixed results. A tough recession has cost the Northeast its crown as the nation's dining-out

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leader. The region's average weekly away-from-home spending dropped more than 7% this year to \$32.03 per household. A household in that area now eats out 8.8 times a week—not the 10.4 times of the '88 survey.

The North Central and Western regions post smaller declines in both spending and frequency. A North Central household spends \$28.38 a week on dining out, or 2% less than last year. Weekly eating-out occasions in the heartland also are off a bit, from 9.8 to 9.1 per household. By comparison, Western households are the year's big spenders. At \$33.45 per week, even they budget 2.8% less than they did in '88. Westerners now eat out 10 times a week, down from the 10.5 times they reported in the last survey.

Only Southerners spend more in restaurants today than they did back in '88. While meals out remain steady at 10.4 per week, the weekly dining-out budget for an average Southern household has risen 3%, or about 91 cents, to \$31.34.

SNACKS FALL BACK

Consumers appear to be conforming to the old time clock once again in their eating habits. In years past,

continued on page 40

Snacking has dropped to less than one in five meal purchases.



TWO JOBS, NO COOKING

Two-income married couples with teens spend the most per week per household on dining out. But young singles still lead in per capita restaurant spending.

SINGLES

Young	\$32.45
Middle	\$25.10
Older	\$16.29

COUPLES

Young	\$36.11
Middle	\$39.05
Older	\$25.84

SINGLE WITH CHILD

Child under 13	\$27.42
Child 13-19	\$29.22

MARRIED, ONE INCOME

Child under 13	\$27.01
Child 13-19	\$32.58
No children	\$33.17

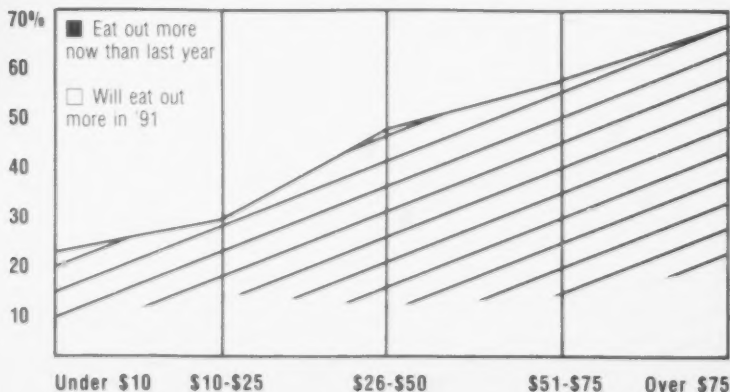
MARRIED, TWO INCOME

Child under 13	\$31.65
Child 13-19	\$42.44
No children	\$42.05

\$10 \$20 \$30 \$40 \$50
Spending per week per household

BIGGER SPENDERS ARE BETTER CUSTOMERS

By their own report, the customers who spend the most per week in restaurants are also most likely to eat out more often than they did last year.

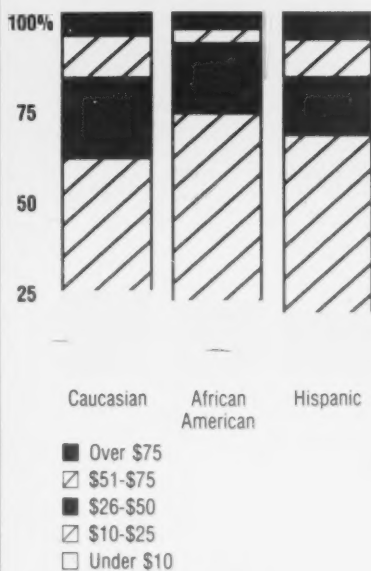


Source: 1990 R/I Tastes of America

TASTES OF AMERICA

TABLESIDE TALLIES

Though restaurant choices vary by ethnic group, weekly dining-out spending remains remarkably steady.



Source: 1990 R/I Tastes of America

MELTING POT MEALS

Breaking out Tastes responses by ethnic group for the first time, the survey finds that the nation's three largest ethnic groups favor hamburger places above all. Casual dining is the second choice for both African Americans and Caucasians; Hispanics opt for pizza. Caucasians rank pizza places third and are the likeliest patrons of family-dining restaurants or coffee shops. African Americans name fast-food chicken their third preference; they choose full-service seafood restaurants more than the others. And Hispanics put sandwich chains third and tend to eat in cafeterias more than the first two groups.

Two-income families lead the ranks of those dining out more this year.

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R/I's Tastes studies detected substantial increases in food bought outside the traditional dayparts—in other words, snacks. Respondents to the '88 survey bought more than 21% of their meals at times other than breakfast, lunch or dinner.

Snacking, however, has slackened in 1990: This year the "other" daypart drops to 18% of all meals bought. About a third of the households surveyed buy snacks one or more times a week, compared to 40% in '88.

Instead, the midday meal has widened its lead over the other dayparts

this year. In 1988, 37% of all meals bought away from home were lunches. This year, lunch accounts for 41% of all meals bought outside home. Dinner's portion of dining-out traffic holds steady at 29%, and breakfast remains at about 12%.

GROWTH GROUPS

Which groups are eating out more often than last year? Families with two incomes and at least one teenage child, for one: 41.1% of these families dine away from home more now than in '88. And 34.5% of single parents with teens buy more meals out than a year ago. So do one-income married couples—either without children or with a youngster under 13.

Generally, two-income families spend much more per week on food away from home than their one-income counterparts. For instance: Married couples with two wage earners average \$38.71 a week on dining out, and single-paycheck couples spend \$30.92.

Unfortunately, in this age of booming babies, this year's survey suggests that having children dampens dining-out spending. The average restaurant budget for a childless household is \$33.28 a week, compared to \$28.69 for a home with children under 13. Operators needn't despair. Eventually, those toddlers will become teens; and the survey reveals that homes with a teenager spend more per week on eating out than those without—to the tune of \$34.75.

And what of yesterday's hot target market, young singles? Long the darlings of restaurateurs, they don't look as promising as they once did. Back in '88, young singles spent an average of \$38.31 per household per week on dining out—much more than either middle or older singles—and almost 45% were eating out more. This year the weekly figure is \$32.45, and only one-third are dining out more often. They still eat out more often and spend more on it per week than their older counterparts. Singles across the age range currently spend an average of \$24.61 per household per week on dining out.

OFF-PREMISE FALLS OFF

This year's survey is the first in five years to show a measurable decline in most forms of off-premise consumption.

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Children under 13 cut down family meal spending; those over 13 boost it.



TASTES OF AMERICA

VARIETIES

Casual dining shines as No. 2 among preferred restaurant types.

continued from page 40

tion. Only home delivery boosted its share; 28.7% of households had ordered food delivered in the month before the survey. That compares with 25.6% last time around.

Different regions favor different off-premise modes. Takeout is bigger than drive-thru in the Northeast and West—in fact, the Northeast is the best takeout country in the country. On the other hand, the North Central and Southern sectors prefer to order in their cars. C-stores and supermarket delis do best below the Mason-Dixon line. Home delivery is most widely used out West, and Midwesterners are the most likely to buy food from a supermarket soup or salad bar.

Despite its price/value associations, all off-premise dining seems to increase with both household income and

Singles' weekly meal spending has fallen off about 6%, to \$24.61.



weekly dining-out spending. Only in the purchase of food from c-stores do the big spenders give way to household incomes of less than \$20,000.

CASUAL CHOICES

Since 1980, the Tastes of America survey has been asking respondents what types of restaurants they patronized in the previous month. As usual, quick-service hamburger places win by a mile: 70% of those polled have been to one recently. This year, for the first time, diners were able to check off "casual restaurants" as an option. And check it they did—almost 49% of them, enough to make it the second most-popular category. Casual dining apparently holds the most appeal for young or middle-age couples and for "dual income, no children" couples and least for one-income families.

The rest of the list is essentially unchanged from past years. More than 46% of the survey's population went to a pizza place last month, and 45% ate in a family restaurant. About 27% bought fast-food chicken, and 26% visited an Oriental dining spot. The only real shift was in seafood restaurants, which drew only 19% of the survey population, compared with '88's 27%.

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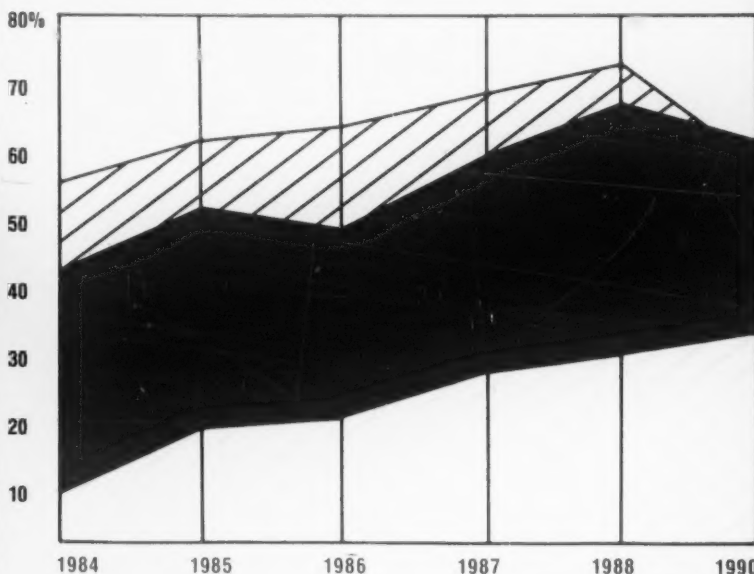


Customers are coming back to in-store dining.

THANKS, I'LL EAT IT HERE

Among the major off-premise modes, only home delivery is being used more by this year's respondents.

- ☐ Takeout
- Drive-thru
- Supermarket/deli
- Home delivery



Source: 1990 R&I Tastes of America

TASTES OF AMERICA

America loves burgers and fries. But families, regions and incomes add twists to the data.

HEALTHFUL FOODS WIN 'ORDERED MORE OFTEN' RACE

When asked which foods they are ordering more often than last year, more consumers say turkey and chicken than hamburgers, pushing hamburgers down from 6th place in 1988 to 8th place in 1990. Fried chicken, No. 7 in 1988's list of foods ordered more often than in the year previous, comes in at No. 32 in the 1990 listing.

While these choices support the idea that Americans are eating more nutritiously, don't let the statistics fool you; burgers still beat out grilled fish, turkey and grilled chicken selections when it comes to ordering foods more than once a month.

What's for breakfast? Lunch? Dinner? Most Americans ask themselves and their families these questions every day. The answers vary according to their family structure, how much they earn, and where they live.

This year's Tastes of America survey confirms some common-sense suspicions about food choices. Families with kids eat the most burgers and fries. Southerners order iced tea more than people in other parts of the country.

But for every suspicion the survey confirms, it also uncovers a few sur-



Western respondents order pizza more often than those in other regions.

prises. For instance: Consumers' passion for fruit is bigger in the Northeast than on the West Coast. Households making less than \$12,500 a year order pasta entrees more often than households at higher income levels.

FOOD FAVORITES

There are, of course, some general trends that cut across income, family and regional boundaries.

Beef, chicken and salad were ordered most often in the past month—by one-third of survey respondents. Those same food items are ordered more than once a month most often as well, but when it's beef, it's most likely to be hamburgers and cheeseburgers (with french fries, of course), when it's chicken, it's most often fried.

Households that say they are eating less fat actually ordered burgers, fried chicken and fried fish at virtually the same rate as the total sample. Those who say they are watching their cholesterol order eggs and omelets only a fraction less than the average.

On the other hand, households that identify themselves as eating less fat do actually order grilled fish, grilled chicken, soups, entree salads and Mexican fare more than the average sample.

Among households with different incomes, food choices vary according to price, not necessarily healthfulness. For instance, ice cream, hot dogs, barbecued foods and pasta entrees are ordered once a month by more house-

Item	Ordered more often than last year*	Ordered more than once a month*
Chicken	33.0%	56.7%
Fish	29.3	44.0
Salads	29.3	53.6
Vegetarian entrees	25.0	28.6
Pizza	22.3	47.7
Turkey	21.8	29.8
Grilled chicken	21.6	36.5
Hamburgers	21.6	58.0
Grilled fish	21.3	35.3
Frozen yogurt	18.6	29.2
French fries	16.2	55.6

*Based on those households ordering item in the past year.

Source: 1990 R/I Tastes of America

TASTES OF AMERICA

Households that say they are eating less fat order more grilled chicken and entree salads.

continued from page 52
holds in the \$12,500-and-under annual income bracket. More households making more than \$12,500 but less than \$20,000 a year order burgers, soft drinks and potatoes.

Any kind of beef and fries belong to households making more than \$35,000 but less than \$50,000. The over-\$50,000 set is most fond of regular and decaffeinated coffee, diet pop, any kind of chicken and salads.

FAMILY AFFAIRS

Families in which both parents work, especially those with teenagers, are among quick-service chains' best customers. Fast-food staples such as burgers and fries, grilled and fried chicken, hot dogs and breakfast sandwiches are ordered more often by this



Hot dogs and similar no-fuss foods are popular in the North Central region.

family group than any other.

Singles with children are hot on ethnic foods—survey results indicate they order Italian, Mexican and Oriental foods more than married couples with children. Single parents also are more likely to order salads, pasta salads, sandwiches and vegetables than any other family group.

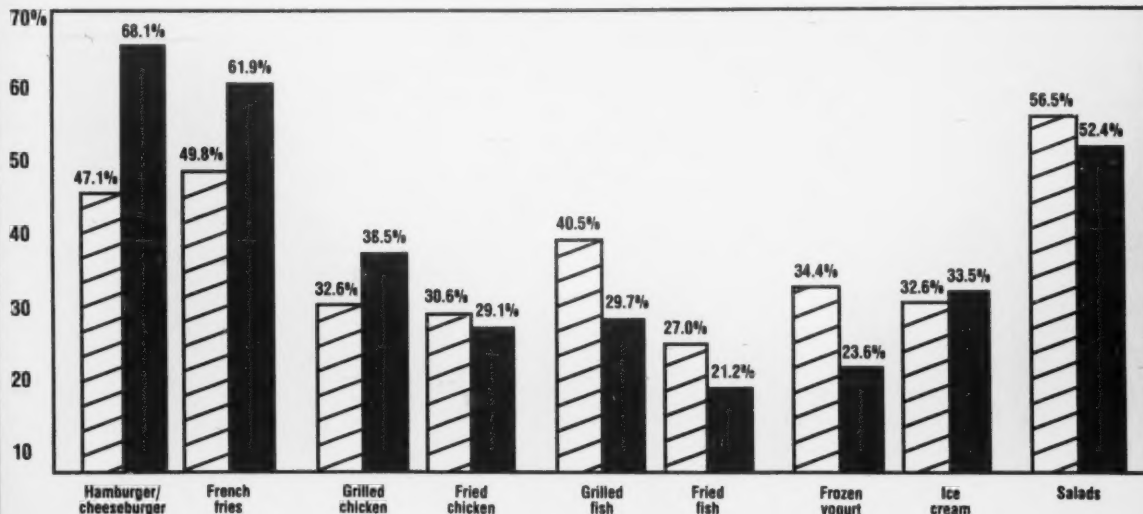
Young, middle-age and older singles, and single- and dual-income marrieds order wine, spirits and beer with comparable frequency, ranging between 10% and 15% of those respondents who have ordered alcohol in the past month. Without exception, singles with children order alcoholic beverages

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ACTIONS SPEAK LOUDER . . .

What consumers say and what they do often are two different things. Those who say they are "very" concerned about nutrition order fewer burgers, but more fried chicken than less concerned consumers. And despite the proliferation of frozen yogurt, ice cream orders for the two groups are just about equal.

- ☒ Very concerned about nutrition
- ☐ Somewhat concerned about nutrition



Source: 1990 R/I Tastes of America

TASTES OF AMERICA

NOTICES



Americans prefer grilled chicken and seafood.

FIRE IT UP!

Consumers like their meat and poultry grilled, broiled and roasted. While deep-frying poultry drops off eight percentage points between this year's survey and the 1988 version, it still is the first or second method of choice for shellfish and seafood. At the same time, grilling of seafood and shellfish is gaining in popularity, ousting pan-frying in both categories.

MEAT

Grilled	64.3%
Broiled	57.8
Baked or roasted	50.2
Stir-fried	27.8
Mesquite-grilled	25.0

POULTRY

Baked or roasted	63.4%
Broiled	42.1
Grilled	41.5
Stir-fried	29.4
Deep-fried	22.8

SEAFOOD

Broiled	47.3%
Deep-fried	35.8
Baked or roasted	34.0
Grilled	32.0
Pan-fried or sautéed	21.1

SHELLFISH

Deep-fried	40.7%
Broiled	25.7
Stir-fried	21.4
Grilled	14.6
Baked or roasted	11.8

Source: 1990 R/I Tastes of America

Singles with children order ethnic foods more often than married couples with children.

continued from page 56

most often. Couples, at any life stage, prefer regular coffee to soft drinks.

REGIONAL BEHAVIOR

Fast-food chains, take note. Southern customers have cottoned to your newest menu items. Take, for example, seasoned, coated french fries, offered at Arby's, Rax, Rally's and a number of other fast-food chains: One-third of the Southern-dwelling respondents who ordered seasoned fries in the past year order them more than once a month. (The preference for plain fries is strongest in the North Central region.)

One-third also order frozen yogurt, another new addition at quick-service restaurants, more than once a month.

Respondents from the Western region have come up with a few food-preference shockers of their own. Pizza, long considered the bastion of the Northeast and North Central regions, has won the West: More than half the West Coasters who ordered pizza during the past year order it more than once a month, the highest percentage out of the four regions.

While pizza has come on strong in the West, Northeasterners still are most fond of Italian food in general. Nearly half of Northeast respondents order Italian entrees more than once a month—the next-highest frequency is found among North Central residents, a third of whom order Italian food more than once a month.

Among North Central region dwellers, down-home foods are king. More than two-thirds of the region's respondents who ordered burgers in the past year order them more than once a month, and nearly two-thirds order beef of any kind with the same frequency.

Families with children are among the biggest breakfast fans.



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TASTES OF AMERICA

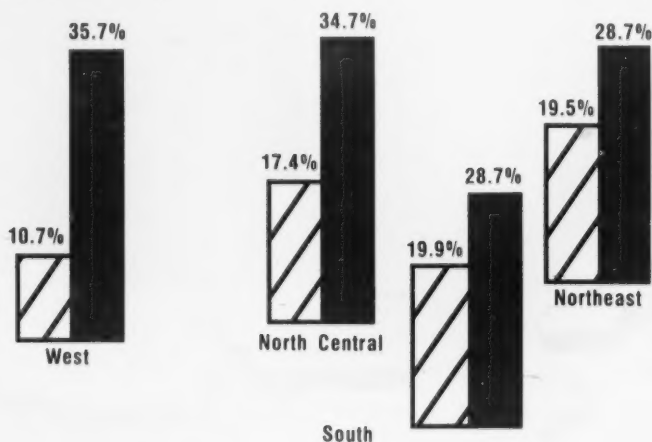
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**Full-service diners
most want to relax.**

EATING OUT VS. GROCERIES: A REGIONAL PERSPECTIVE

Quite a difference exists between regions. The South shows the least disparity, with 19.9% rating eating out a good value and 28.7% giving the same value to groceries. In the West, however, only 10.7% find good value in dining away from home, while 35.7% consider groceries a good value.



- ☒ Eating away from home offers good value
☒ Groceries offer good value

Source: 1990 R/I Tastes of America

Celebrations and getting out of the kitchen rate high as mealtime motives for dining out.

Good times and work avoidance. That might sound like childhood, but it's actually a summary of consumers' top reasons for visiting both fast-food and full-service restaurants, according to the 1990 Tastes survey.

Among full-service patrons, 54.9% most enjoy the pleasure of celebrating a special occasion with a restaurant meal. More than half of those who ate

at a quick-service outlet last month say not wanting to cook played a big part in their decision to eat out. But fast-food operators shouldn't neglect the special touches either: Celebrations are the No. 3 dine-out reason cited by fast-food patrons.

The lines can't be drawn much more clearly between convenience and service: Approximately two-thirds of fast-food fans want to eat quickly and inexpensively. Meanwhile, 85% of all full-service diners want to enjoy relaxation, and nearly three-quarters seek to avoid spending time in the kitchen and be waited on.

Reasons for eating out vary drastically among different demographic groups. Staying out of the kitchen is a real goal for parents, both single and married. All the single parents surveyed who have children younger than 13 years old say avoiding cooking is either an important or a somewhat important reason for eating fast food. Married, two-income couples also like fast food for the same reason—cooking avoidance. But when one-income families, both married and single, want to sidestep the hassle of preparing a meal, they choose full-service restaurants; being waited on is undoubtedly a large part of the pleasure of eating out for these families.

Full service and fast food also share three of the four least cited reasons for dining out. Evidently, the lesson of curiosity and the cat is not lost on many consumers because trying a new restaurant tied near the bottom, at 12th place, on both segments' lists. (Big spenders, however, are more adventurous: More than half of those who spend more than \$75 a week on restaurant meals say trying a new full-service place is very important, elevating it to fourth place.)

Overall, respondents to the survey say having a business meal is the least important reason for eating out—possibly a reaction to the 80% deduction for such meals. On the other hand, business meals are important to those who can charge them. Nearly 25% of the holders of the most common charge cards describe business meals as a very important reason for dining at full-service restaurants. Of credit-card users, 12.5% is the highest rate

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TASTES OF AMERICA

Staying out of the kitchen is a real goal for parents, both single and married.

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of approval given by any particular card's users.

"I HATE TO COMPLAIN, BUT..."

Scarce labor and shrinking profit margins might make it tempting to go a little light on scheduled cleanup programs. But smart restaurateurs will resist that urge. This year's survey points emphatically to lack of cleanliness as the top customer irritant, skyrocketing up from No. 8 on the last hit list. Customers might simply be more aware of cleanliness because of some high-profile cases of foodborne illness. But operators might want to ask if their standards haven't slipped just a bit, putting the public on guard.

Cigarette smoke continues to decline

as a diner irritant, probably reflecting the prevalence of designated smoking areas, as well as the fact that fewer people are smoking these days. Smoking topped the overall list of complaints in 1987, dropped to sixth place in 1988 and now has fallen to a lowly 12th.

Fewer customers are complaining that restaurant meals are not worth their price. That particular gripe ranked second in 1988, and now places fifth. Despite the increase in value perception, consumers aren't shy about knocking a bad meal—poor quality food remains third on the complaint hit parade, but the percentage of diners voting bad food into third place has jumped sharply—from 58.1% in 1988 to 80.8% in 1990.

DINING OUT VS. GROCERIES

Eating out is perceived by consumers as a better value than five years ago: In 1985, 10.6% of respondents called dining away from home a good value; this year, 17.3% have the same opinion.

Groceries, by contrast, rate as a good value with nearly a third of all consumers. Yet the gap between those who think groceries are a good value and those who say the same about eating

continued on page 78

Older singles are less concerned about food safety than younger consumers.

AND THE NO. 1 REASON FOR DINING OUT IN AMERICA...

In descending order, consumers rank their reasons for dining out, at both fast-food and full-service restaurants.

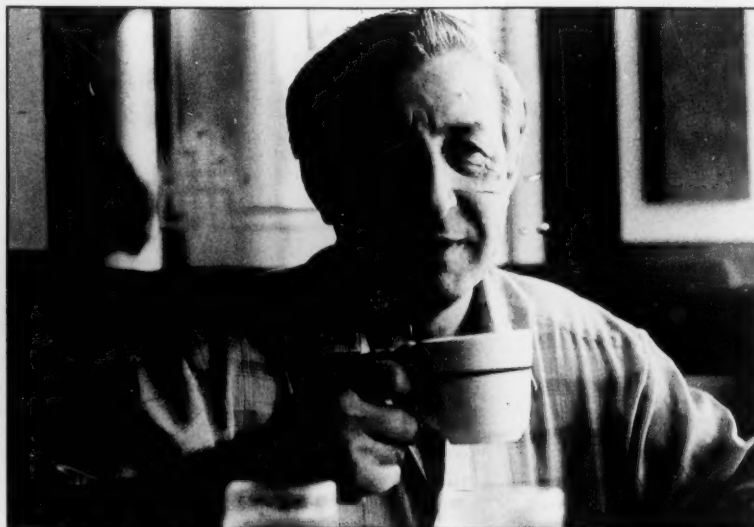
FAST FOOD

Avoid cooking
Eat inexpensively
Celebrate special occasion
Eat quickly
Family night out
Enjoy familiar place
Meet friends
Relax
Varied menu
Be waited on
Try foods not eaten at home
Try new restaurant
Use coupons/discount
Enjoy atmosphere
Business meal

FULL SERVICE

Celebrate special occasion
Relax
Avoid cooking
Family night out
Be waited on
Enjoy atmosphere
Enjoy familiar place
Varied menu
Meet friends
Try foods not eaten at home
Eat inexpensively
Try new restaurant
Use coupons/discount
Eat quickly
Business meal

Source: 1990 R/I Tastes of America



TASTES OF AMERICA



High-income families value recycling more.

WASTE PROGRAMS PAY OFF

More than half of all consumers say they would pay more or go out of their way to patronize a restaurant with waste management programs in place. Health awareness intensifies this support: Patrons very concerned about nutrition are more ecologically motivated than those only somewhat concerned.

- Very concerned about nutrition
- Somewhat concerned about nutrition

Lack of cleanliness leaps to the top of the list of consumer complaints about foodservice.

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out has narrowed, especially among older singles. Of this group, one-third say dining out is a good value, with an equal percentage saying the same thing about buying groceries. Of young single respondents, 39.7% rate groceries' value highly, and 12.5% give the same approval to eating away from home.

Unfortunately, what they say and what they do are two different things: Only seven of 10 older singles visit a restaurant at least once a week, while 90.4% of young singles dine out at least once a week.

ENVIRONMENTAL ACTION

For the first time, *R&I's Tastes* survey asks consumers whether they

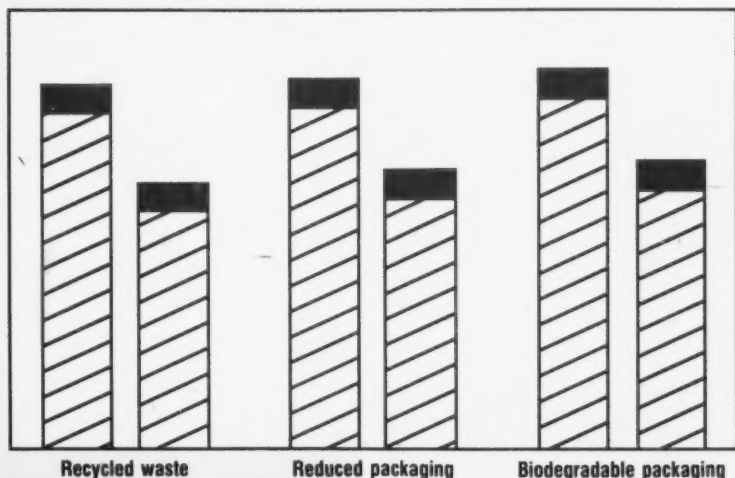
would pay more or go out of the way to patronize a restaurant that recycles waste paper or plastic, cuts back on its food packaging, or uses only biodegradable packages. More than half the respondents say yes to all three propositions. As a word to conjure with, "biodegradable" appears to contain the most enchantment, although not by much. Almost 59% would frequent an establishment that uses biodegradable packaging; more than 57% would support reduced food packaging, and about 56% would go out of their way or pay a premium for recycling efforts in foodservice.

With California's proactive history of ecological policies, it's no surprise that the West leads all other regions of the country in favoring foodservice's environmental programs. For instance, 62.9% of Western customers favor biodegradable packaging, compared to 56.8% in the Northeast.

Environmental concern tends to increase a bit with household income. An average of 51.8% of households earning less than \$12,500 per year favor a reduction of fast-food packaging; this number grows to 59.7% of households making more than \$50,000 annually.

Patrons interested in their own health also worry about the Earth's well-being, survey results indicate. Consider the views on recycling for those very concerned about nutrition and those not at all concerned: 66.1% of health-conscious consumers favor recycling, compared to only 26.2% of those not interested in nutrition.

With customers citing uncleanness as their top complaint, it isn't surprising that eight out of 10 restaurant consumers nationwide also are "very" or "somewhat" concerned about what goes into their food on the farm, at the factory or in the back of the house. In a separate question, this year's *Tastes* study asked, "When ordering restaurant food, how concerned are you about the possible danger posed by a) bacteria, b) chemical additives, and c) fertilizers/pesticides?" More than 85% of the survey say they worry about the presence of bacteria in the food they order, and about 84% are wary of chemical additives. Another 79% are concerned about the fertilizers and pesticides used on their food. **R&I**



Source: 1990 *R&I Tastes of America*

ACTION EXPRESS

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SEPTEMBER 5, 1990

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R&I 1990 JOB\$ SURVEY



Salaries, Benefits,
Bonuses

*New pie in the sky to lighten
American cuisine, the primavera
pizza from California.*

THE AMERICAN
FOOD REVOLUTION

10 YEARS LATER

More Inside!
See Page 2



A CAHNERS PUBLICATION

36 R&I EXCLUSIVE: TEST YOUR JOB AND SALARY I.Q.

Up-to-date on compensation in food-service? How do salaries of executives in the commercial sector compare with those in the institutional world? What's the salary status of women vs. men? How many hours does the average foodservice manager put into the job each week? What benefits do industry leaders get now and which do they want to get? Answers to these questions might surprise you. They also might change the way you run your business... and your career.

72 SPECIAL REPORT: AMERICAN CUISINE THEN... AND NOW

The new American cuisine that began in the '70s with the combustion of ideas from many sources has evolved into a "new" new cuisine. The same influences—from the French kitchen to our own regional pantries—are still at work in American restaurants, as are a whole new set—diet and health concerns, the return to homey foods. Our

reconnaissance of the American food revolution offers perspectives and directions for tomorrow's menus.

123 SAUSAGE: THE SAVORY SIDE OF PORK

Sausages, those tasty links with our culinary past, are presently finding their way into recipes ranging from individual pork pizzas and sausage soups to saffron rice sparked with knackwurst. Some operators are even making their own sausage. For a wide range of signature menu offerings, see featured recipes and consult our guide for making pork sausage on the premises.

136 A BUMPER CROP OF PRODUCTS IS IN

Ready to serve autumn's operations and menu needs is the bountiful supply of foods and supplies described in this issue. A pork products review follows the feature on sausage. A spicy recipe collection and details of promotions are available for the asking. See Product Know-How and Product Catalog.

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FOODSERVICE ENERGY NEWS, A SERVICE
OF THE AMERICAN GAS ASSOCIATION,
FOLLOWS PAGE 102.

SPECIAL REPORT... 72

Grilled vegetables
made their mark
on the new
American
cuisine.

R&I FORUM



CLEANLINESS SURVEY RESULTS

First thing that comes to mind in judging appearance of fast-food restaurant.

(Unaided recall)

Employees	31%
Tables	23
Floors	22
Counters	16
Restrooms	12

(Aided recall)

Employees	73%
Tables/chairs	61
Restrooms	57
Food prep areas	51
Utensils	51
Floors	35
Serving area	35

Source: CDI Designs

■ READER'S OPINION

Clean-Looking Restaurants Curry Customers' Favor

Few restaurateurs would take issue with the idea that cleanliness is key in consumers' choice of restaurants.

But it is not enough to keep your restaurant clean. It must also be designed in such a way that it *projects an image* of cleanliness. Customers must look at the place and think "clean" before anything else.

But what, specifically, are the observations on which customers base that kind of judgment? What is the process by which they decide if a fast-food restaurant is clean?

To answer these questions, CDI Designs, Riverdale, N.Y., surveyed 128 consumers from across the country. The respondents were asked: "What is the first thing that comes to your mind in judging the appearance of a fast-food restaurant?" These same people were then asked to select their answer from 15 separate categories. The first method is known as unaided recall. The second is aided recall.

The results were intriguing. In the unaided-recall portion, 31% cited employees. Some 23% mentioned tables, while 22% said floors, 16% answered countertops and, rounding out the top answers, another 12% indicated restrooms.

In the aided-recall portion, in which consumers were asked to select the five categories most important to them, "appearance of employees" again secured the top ranking with 73% of the vote. "Cleanliness and general condition of tables/chairs" was next at 61%, followed by "cleanliness of restrooms" at 57%, "openness and appearance of food preparation area" at 51%, "cleanliness of utensils" at 51%, "appearance and condition of floors" at 35% and "condition of checkout/serving area" at 35%.

With consumers in the survey consistently pointing to employee appearance as a bellwether of overall restaurant cleanliness, a great deal of attention must be paid to uniform design—even when that uniform is nothing more than a smock. The fabrics used should be easy to clean and difficult

to wrinkle. Colors that are less likely to show stains should be used for employees working in areas where stains are likely to occur.

To keep tables and chairs at their best, choose materials that are easy to clean and wear well. The same goes for flooring: Choose materials with little or no texture to them. Textured floors tend to offer niches for dirt to hide, and brushes typically can't get into those niches.

Even the best-quality materials will not look good if they are not well-maintained. Maintenance is not an issue that should be considered and tended to at the unit level. Maintenance programs must originate with top management and be monitored by top management in order for them to be effective. Unit managers must be judged on their ability to adhere to chainwide management directives.

In a sense, the effort to achieve an appearance of cleanliness is a partnership between design and maintenance. For a fast-food restaurant to really shine, both partners must do their jobs and do them well.

Gerald Lewis and Joseph Bona, CDI Designs, Riverdale, N.Y., a firm specializing in the planning and design of restaurants and other food-related establishments

TAKE NOTE: The 400 listing for Red Lobster USA (July 11, p. 60) mistakenly compared domestic results in 1989 to total results of both international and domestic divisions in 1988. The correct figures should read: '89 U.S. sales, \$1.36 billion, a 13.2% increase over sales of \$1.2 billion in '88; and '89 units of 461, a 3.8% rise over 444 units in '88.

ATTENTION OPERATORS: *R&I* Forum represents the views of its contributors but not necessarily those of the magazine. We welcome your comments and responses. Address letters to: The Editor, *Restaurants & Institutions*, 1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, Ill. 60017-5080. Or fax your letter to (708) 635-6856.

R&I EXCLUSIVE

■ JOB\$ '90

\$ Salary Savvy

**Are you current
on compensation
in foodservice?
Test yourself with
R&I's income quiz,
then get the
answers from
our 22nd annual
JOB\$ survey.**

By Brian Quinton and Jeff Weinstein

How do you measure success in foodservice? That depends on your vantage point. Viewing foodservice as an art, success means striking the right balance of menu, service and atmosphere. As a profession, it's the pleasure of providing hospitality and working with creative people. As a business—well, phrased politely, it's putting rear ends on chairs.

But foodservice is also a *job*, and it can be evaluated by the same standards applicable to any other job: salaries, benefits, raises, opportunities for advancement. On the individual level, talented foodservice executives want to chart their career progress using these financial coordinates as guides. And the industry's leaders and shapers look to these indices to draw

a clearer picture of how foodservice compares to other professions out there fishing the same executive talent pool.

So take the quiz on the next page, then check your score against the findings of this year's *R&I JOB\$* survey. These responses have been compiled from questionnaires received from 2,500 middle- and top-level executives employed in the whole range of feeding operations. Get less than half the answers right, and you probably need to find out more about how foodservice's economics affect your career. Get all 14 right, and you're an authority on working life in the industry. Pour yourself some coffee, sit back and relax a moment. Then plunge right back into the art, profession and business of foodservice.

JOBS QUIZ: TEST YOUR COMPENSATION I.Q.

1. On average, how much more does the commercial foodservice executive earn in salary than the institutional executive?
 - a. 10.3% c. \$14.8%
 - b. 6.6% d. \$18.2%
2. On average, how much more do male foodservice executives earn annually than their female counterparts?
 - a. \$3,480 c. \$14,275
 - b. \$6,591 d. \$10,200
3. How much did the average income of foodservice executives increase from 1980 to 1990?
 - a. 20.1% c. 22.6%
 - b. 37.6% d. 31.8%
4. How many more hours a week does the average foodservice executive work in 1990 compared to 1980?
 - a. 4.28 c. 2.85
 - b. 3.71 d. 5.52
5. Which commercial segment provided the highest average raise in salary in the past year?
 - a. Fast food c. Fine dining
 - b. Casual theme d. Hotel/motel
6. Which position received the largest bonus as a percentage of total compensation in the past year?
 - a. General manager c. Area/regional manager
 - b. Owner d. Corporation executive
7. How long does the average foodservice executive wait for a promotion?
 - a. 1.1 years c. 1.6 years
 - b. 1.9 years d. 2.3 years
8. Which segment received the highest average raise attached to a promotion in the past year?
 - a. Private club c. Schools
 - b. Hotel/motel d. Casual theme
9. What percentage of foodservice executives' total income comes from a second source?
 - a. 13.2% c. 15.6%
 - b. 9.7% d. 21.8%
10. With the exception of a spouse's income, what is the leading source of supplemental income?
 - a. Caterer c. Consultant
 - b. Teacher d. Real estate/rental
11. While dental insurance is the No. 1 benefit executives would like to receive, what would be their next choice?
 - a. Optical c. 100% paid medical
 - b. Life d. Disability
12. What type of retirement plan was added to benefits programs most often in the past year?
 - a. IRA contribution c. Pension
 - b. 401(k) d. Better pension
13. Which commercial segment witnessed the most trimming of benefits packages in the past year?
 - a. Hotel/motel c. Fast food
 - b. Casual theme d. Fine dining
14. What foodservice executive is influenced the most by benefits packages when it comes to making a career decision?
 - a. Dietitian c. Asst. unit manager
 - b. Executive chef d. Corporate executive

continued on page 38

JOB\$ '90

continued from page 37

**Commercial and institutional managers
5% apart in 1980, 15% today.**

1

The 1990 JOB\$ survey shows that the average commercial foodservice executive makes 14.8% more than the typical institutional executive: \$37,300 a year vs. \$31,600. By segment, the manager of a private club draws the highest average salary—\$46,300—followed by a top executive in a department store or retail foodservice operation, who earns \$45,700 on average. (The chart below shows salary by title.)

Among institutional operations, the top brass in employee feeding fare best, earning an average of \$38,400. Next most profitable is a job heading up a military or correctional foodservice operation; the average salary for upper management there is \$36,000.

The pay discrepancy between institutional and commercial foodservice is to be expected, says John Chitvanni, president of National Restaurant

Search, Schaumburg, Ill. "The institutional side offers more regular hours and a shorter work week," he says. "Many good middle managers are willing to trade off the greater growth potential of fast food or full service for the more regular pace of, say, B&I."

QUESTION

2

ANSWER D

The survey finds that males in middle and upper foodservice positions make on average more than \$10,000 more than their female counterparts (\$38,900 compared to \$28,700). Unfortunately, this gap appears to be widening: The 1980 JOB\$ survey pegged foodservice salaries for men at \$31,100—putting them \$6,300 above the average salary of \$24,800 for women.

The 1980 JOB\$ survey did not track salary averages for ethnic minorities. This year's poll does, however, and finds that while average pay for a white

upper manager in foodservice runs \$35,000, the norm for both African Americans and Hispanics at the same job level is \$31,400, or more than 10% less. (Keep in mind, however, that minorities comprise less than 5% of the total survey sample.)

Although women and minorities are scarce in foodservice's executive suites, the industry is beginning to change, says David Hohenadel of Food Placement, Lafayette, La. According to Hohenadel, foodservice has begun in the last few years to realize that talented minorities and women can help solve the management-shortage crisis.

"But the process is front-loaded," he says. "So it will be some time before these hires begin making the salary needle move much. And for every company actually hiring women or minority candidates, there are still 20 standing by to see how it works out. Foodservice pays a lot of lip service to hiring outside the white-male labor force, but the talk has definitely gone further than the action."

continued on page 44

SALARY SMARTS: CHEFS, DIETITIANS MAKE OUT BEST

The average annual income for foodservice executives grew from \$34,500 in 1989 to \$34,900 in 1990. Executive chefs, dietitians, and food and beverage directors received the highest increases, ranging from 9% to 13%.

Title	Income in \$ thousands
Owner	\$48.3
President	61.1
Corporate executive	49.8
Area/regional manager	45.6
Unit manager	29.5
Asst. unit manager	24.0
General manager	38.9
Purchasing manager	31.1
Foodservice director	31.3
Dietitian	30.3
F&B director	39.6
Asst. F&B director	28.5
Executive chef	34.0

Source: 1990 R&I JOB\$ Survey

JOB\$ '90

continued from page 38

If you're a restaurant owner, you've been spending nearly 60 hours a week at work.

3

In 1980, the R&I JOB\$ survey indicated that the average for an executive salary was \$29,056. Ten years later, that average pay has jumped 20.1%, to \$34,900.

Salaries in hotel and motel foodservice show the most bounce, increasing 24.8% from \$29,425 to \$36,700 over the decade. Next comes health care, where the average salary jumped 23.3% from '80 to '90, and fast food, where annual pay took a 21.1% leap in the same decade. Overall, the typical commercial salary has increased 24.3% since 1980; the typical institutional salary, only 9.6%.

Other experts, however, say these results fail to turn up some important facts. For example, the ranks of middle

managers are thinning rapidly because of mergers in the last few years and the wave of headquarters cutbacks at some of the commercial world's biggest players, says Keith Raub of CED Associates, New Paltz, N.Y. "Among those still employed, salaries have gone up regularly. But who's counting up the number who've left the business?"

4

There's never been such a thing as a 40-hour week in foodservice. The days are long, the work week is jammed, and the pace has only gotten more hectic over the last 10 years. The average middle- or upper-management employee in foodservice put in 47.5 hours a week on the job in 1980. Today, that same executive

works 51.2 hours a week—44.5 hours on the institutional side and a whopping 56.1 in the commercial sector. In other words, the average foodservice work week is 3.71 hours longer today than it was a decade ago.

Obviously, that rules out your standard Monday-to-Friday schedule, too. Institutional executives work an average of 5.13 days a week, and commercial operators are on the job 5.73 days out of every seven. The load is especially heavy in the fine-dining segment, where top executives—usually the owners, of course—report working 58-hour weeks. That's only a shade more than the 57.7 on-the-job hours put in each week by executives in both casual and family-dining operations.

And the winner of this year's Workaholic Trophy is, as usual, the average restaurant owner, who is reportedly on the job 6.2 days, or 59.5 hours, a week.

continued on page 48

PROFILING THE FOODSERVICE EXECUTIVE: 1980 VS. 1990

Compared to a decade ago, the average foodservice executive is more likely to be more educated, working longer hours and single. While salary gains have been rather meager, satisfaction with raises remains constant.

1980	Characteristic	1990
\$29,056	Income	\$34,900
57.0%	Percent satisfied with raise	56.8%
66/34	Male/female ratio	61/39
39.1	Age	38.5
34.4%	College graduate	38.6%
16.5%	Single	17.5%
69.1%	Married	63.7%
7.7%	Divorced/separated	11.1%
4.5%	Cohabiting	5.3%
73.1%	Have children	62.3%
2.64	Number of children	2.44
14.9	Years in foodservice	16.0
6.2	Years at present job	6.4
3.44	Number of companies worked for	3.73
47.49	Hours worked per week	51.20

Source: 1990 R&I JOB\$ Survey

JOB\$ '90

continued from page 44

Two in five foodservice executives reported no productivity bonuses for part of their income.

QUESTION

5

ANSWER: B

Executives in casual-dining concepts make out best in the raise department, averaging a 7.6% salary bump, according to the 1990 JOB\$ survey. Fast food comes next, with a 6% salary raise the norm. Management of family-dining operations and coffee shops trail the commercial pack in raises, at an average of only 5.5%.

Deirdre McKinlay, a consultant with Hospitality Search, Clarendon Hills, Calif., thinks this pattern is pretty much as expected. "Segments like casual and quick-service are where you find most of the big corporations concentrated, both public and private," she says. "These tend to have formal policies of regular raises and evaluations, which you don't always find in smaller operations."

On the institutional side, employee-feeding executives score highest with

an average 5.7% income boost from raises. Schools and colleges hand out increases of approximately 5.5%; the typical health-care pay raise is 5.13% of salary.

QUESTION

6

ANSWER: C

Bonuses make up 9.8% of total compensation for area/regional managers. Industrywide, 43% of those surveyed received a bonus in the past year, and those bonuses averaged out to 6.95% of salary. The distinction between an employee and an entrepreneur becomes important here: While more than 75% of company presidents get bonuses, only 40.6% of all owners reward themselves with a little extra cash in a good year.

Bonuses are more widely given on the commercial side, where 60% of respondents earned them last year, than in the institutional sector. (Only 20.4%

of institutional executives received a premium last year.) And they benefit men more than women. Fully 51.4% of males were paid a bonus last year, averaging 7.6% of salary; but only 30.3% of the women in foodservice got one, and when they did, it was only 5.1% of salary.

Bonuses have become a favored way for foodservice companies to wring productivity out of their people. "Most people work for two reasons, money and power," Chitvanni says. Power comes from growth, which the restaurant industry is finding difficult to provide these days; so money—in the form of performance bonuses—is a good substitute. He warns, however, that bonuses must be offered in the right spirit. "A lot of companies start a bonus plan and lots of people make it. Then next year they set the required performance levels impossibly high, so that very few people qualify. That's just counterproductive. You're destroying incentive, not creating it."

continued on page 55

HOW BIG WAS YOUR LAST RAISE?

The average raise for foodservice executives advanced from 5.71% in 1989 to 5.95% this year. Males received a 6.31% increase in 1990, compared to 5.38% for females. The average was 6.47% on the commercial side, 5.25% for institutions.

BONUS BIAS

About 43% of all JOB\$ respondents received a bonus in the past year; 61% of commercial execs vs. 20% of institutional leaders.

Average raise %		Bonus as % of salary	
Title	Average raise %		
Owner	4.28%	President	12.70%
President	6.94	Area/regional manager	9.76
Corporate executive	5.49	Purchasing manager	9.42
Area/regional manager	6.13	Corporate executive	9.15
Unit manager	5.96	Owner	7.94
Asst. unit manager	6.38	Unit manager	7.82
General manager	7.56	General manager	7.28
Purchasing manager	6.49	F&B director	6.97
Foodservice director	5.26	Asst. F&B director	6.52
Dietitian	4.99	Executive chef	6.11
F&B director	5.92	Asst. unit manager	5.68
Asst. F&B director	4.91	Foodservice director	4.12
Executive chef	6.31	Dietitian	3.42

JOBS '90

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Promotions come yearly for the under-25s; those 36 to 45 wait 10 months longer.

QUESTION 7

If you're in foodservice and you just got a promotion, you have about 1.6 years to use up those business cards before your next title change. Executive chefs are the only respondents who generally wait less than one year for advancement. Unit managers spend 2 years on the same rung of the career ladder; area or regional managers wait 2.7 years before advancing. Institutional foodservice directors move up after 1.7 years on the job; dietitians, after 1.2 years.

Those age 25 or less wait 1 year for a promotion. The 26-to-35 age bracket remains in the same job for 1.4 years. Those 36 to 45 years old usually trade

in their titles after 1.8 years.

Caucasian respondents say they were last promoted 1.6 years ago; but that last move up was 2.1 years ago for Hispanics and 2.5 years ago for the African Americans surveyed.

QUESTION 8

The title is nice, but does it help pay the rent? Yes, for two-thirds of those who were promoted in the last year: They got salary raises to go along with their new jobs. By menu segment, promotional raises reached 11.9% of salary for those in hotel foodservice, and 11.3% for those in casual dining and private club management. Among institutions, school foodservice

executives make out best from a title change; their raises constitute 11.1% of their base salary.

Among the assorted job titles, the executive chef leads the pack with an average 11.4% promotional raise. A general manager typically gets a 10.8% pay hike with a move up, a unit manager 10.5%, and an assistant unit manager 9.8%. But pity the poor company president, to whom a title change means a 7.7% raise—not the 9.9% increase given an executive promoted to vice president.

Promotional raises are highest in the South, where they add 10.6% to salary, and they tend to be lowest in the West, constituting 9.6% of a paycheck. On average, men get 10.7% more money with a title change, while women earn 9.2% more.

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PLAYING THE WAITING GAME

Overall, the average executive waits 1.59 years for a promotion. Promotions come quickest in the catering segment (.95 year), hotel/motel (1.17 years) and fine dining (1.21 years).

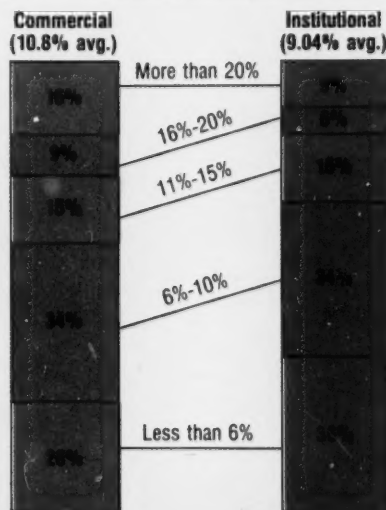
When was your last promotion?



IS THE MONEY WORTH THE WAIT?

Fully 66.5% of all respondents received a raise in connection with a promotion. The hotel/motel (11.9%) and private club (11.3%) segments garnered the best increases.

Raise received with promotion



JOB\$ '90

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Real estate ranks first as a second income, followed by consulting and teaching.

QUESTION 9

Management does not live by foodservice bread alone. At least, 30% of them don't: Three in 10 supplement their industry paycheck with another income source. Of

those who do moonlight, that second check makes up 13.2% of total income. Four in 10 owners earn money outside of foodservice, as do four in 10 vice presidents. Dietitians are the next most likely to work on the side; 36.5% of them have a second job. So do 32.2% of all executive chefs.

Examined by menu segment, the survey response shows that executives in fine dining are the most likely to hold down another job (35.0% do so), while those in hotel or motel foodservice tend to moonlight least (25.4%). On the institutional side, 41.1% of military or correctional foodservice managers report earning an additional paycheck.

Overall, almost 33% of all men working at the upper levels of foodservice pull down another paycheck, compared to 25% of their female counterparts. And the likelihood of a second job increases with age: 25.8% of the 25-or-under group do other work outside their operation, vs. 36.4% of those 46 to 55.

QUESTION 10

Discounting income from a spouse, the industry's favorite pay supplement is real estate or rental property. About 10.4% of all JOB\$ respondents name real estate as a tributary in their cash stream, including 40% of all restaurant owners. (Common sense says many of these own the buildings or the blocks in which they do business and simply lease out the additional space.) The rest of the moonlighting crew divides along ex-

pected lines for foodservice workers.

Consulting is the second job for 9.5% of those polled, including 43.8% of all dietitians. Another 24.6% of dietitians are involved in teaching. And 15.5% of the foodservice directors surveyed and 19.5% of the executive chefs make extra money through private catering activities.

Catherine Ercole, of Louis Ercole Consulting, Fort Worth, Texas, suspects that much of this extracurricular activity is just a function of the opportunities that present themselves to any skilled, highly trained professionals. "These are people who take a high degree of satisfaction in what they do," she says. "It's a creative industry; they feel they've got a creative talent they should be using. They're already high-energy workaholics, just by being in the restaurant business. So it's natural for them to wind up working somewhere outside their primary employment, even if it's doing almost the same things they usually do on the job."

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JACKS OF ALL TRADES

Involvement by owners and company presidents accounts for real estate's strong showing. Consulting is the forte of dietitians, while foodservice directors are interested in catering.

ONE JOB NOT ENOUGH

More than 30% of JOB\$ Survey respondents supplement their income from other sources. Secondary income accounts for 13.2% of foodservice executives' total compensation.

Source of supplemental income

% of income from second source

	Commercial	Institutional	% of respondents	
Spouse has income	14.9%	10.1%	More than 25%	
Real estate/rental	14.1	6.0	21%-25%	
Consulting	5.0	14.9	16%-20%	
Catering	6.5	11.6	11%-15%	
Teaching	4.2	10.6	6%-10%	
Investments	6.1	5.8	Less than 6%	
Sales	6.1	5.0		
Retirement income	1.9	6.8		
Own another business	4.2	3.3		

JOB\$ '90

continued from page 60

More than half the industry's executives are covered by any kind of retirement plan.

11

It shouldn't be surprising that in foodservice, the mouth comes first. Almost one-quarter of all respondents put a dental plan at the top of their benefits wish list; 45% do not currently belong to one. The second most desirable medical benefit, optical insurance (not listed on the chart below), is requested by 8.9% of the survey respondents but is now offered to only 1.8%. And while 80.5% of industry management receives some sort of medical coverage, another 15.4% would like to have it added or upgraded.

Among the nonmedical perks, 41% of foodservice executives now are being reimbursed for tuition. Almost 18% share in the profits of their opera-

tions—and another 11% want it. And 2.7% get paid or subsidized child care.

Less than 43% of industry leaders are covered by a pension plan. Another 27% would like some form of post-employment coverage, which they say could include retirement benefits, a 401(k) plan, or just continued medical insurance after retirement.

Some analysts say the foodservice industry is just beginning to wake up to the fact that benefits are vital to recruitment and retention. "Let's face it—this is an industry that figures tips into the salaries of its point-of-sale workers," says Daniel Allwend of H/R Technics, Darien, Conn. "[Foodservice companies] get the public to subsidize their most important employees. So naturally it's been a long time coming around to the value of things like disability and major medical, even for managers."

12

About 7.5% of all foodservice executives added a 401(k) deferred savings program within the last year, making it the most popular post-retirement benefit. Another 5.9% entered formal pension plans for the first time (3.9% had such packages upgraded last year).

Other often-added benefits of the last year suggest that some companies really are listening to what their people want. In the last 12 months, 14.7% of foodservice management have enrolled in dental insurance, the benefit most often requested. Almost 23.1% began a new medical insurance plan or had their current one improved. And 4.4% signed up for a disability compensation benefit.

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BENEFITS AT A GLANCE

Dental insurance continues to be the benefit most sought after by foodservice executives, while medical insurance plans were either added for the first time or enhanced for 23.1% of all respondents in the past year.

Benefit	Received	Added in '89	Wor'd like
Paid vacation	90.4%	2.5%	3.2%
Medical insurance	80.5	23.1*	15.4*
Dental insurance	55.0	18.3*	28.2*
Disability insurance	46.6	4.4	4.7
Pension plan	42.8	9.8*	20.7*
Education reimbursement	41.0	2.9	6.4
Relocation costs	24.2	NA	1.0
401(k) plan	19.1	7.5	7.6
Flextime	18.8	NA	2.6
Profit sharing	17.8	2.1	11.0
Stock options	13.1	2.7	6.2
Paid maternity leave	11.9	NA	1.8
Company car	10.6	NA	6.3
Life insurance	3.2	4.4*	1.0
Child-care center/subsidy	2.7	1.5	5.8

Source: 1990 R/I JOB\$ Survey

JOB\$ '90

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**"Cafeteria" benefits plans are spreading,
but 53% of respondents lost benefits last year.**

13

More than 57% of executives in the casual-dining segment say they took a hit in the benefits department within the last year. While they are the worst off by menu segment they are far from alone. More than 45% of all JOB\$ respondents had their benefits trimmed this year—up substantially from 39% in the '89 survey—and another 6.2% had some programs in their package cut out altogether.

Just as the corporate segments tend to have the most formal policies for raises and promotions, they also tend to reflect the pressures of public companies in a tight market. "When the hard times come, these companies have to take the short-term view and cut back," Chitvanni says. "They're forced to keep one eye on Wall Street."

Institutional executives undoubtedly fare better than commercial when it comes to coverage. Only 41.7% saw benefits reduced or phased out last

year, compared to 58.5% on the commercial side. Who lost the least? School and hospital foodservice leaders—36.1% and 36.8%, respectively.

"Cafeteria-style" benefits packages are still coming on strong, particularly in institutional settings. In the last year, these pick-and-choose coverage plans became a new option for almost one-third of B&I executives, 28.6% of those in hospital foodservice and 27.8% of those in schools. All told, 22.0% of institutional respondents were made eligible for cafeteria-style benefit plans in the past year, against 8.5% of those from commercial operations.

QUESTION
14
ANSWER

If you think successful hirings are based only on salary, think again. Just more than half of this year's JOB\$ respondents have included the benefit package in their decision to take, or to keep, a certain position. And that's not just true of the financial

officers or other "numbers people" with a heavy practical bent; the creative talent have their eye on nonsalary compensation, too. Fully 70% of executive chefs have made benefits a factor when choosing a job offer, making them the most benefits-sensitive group of all. Right behind are unit managers and their assistants, 60% of whom say benefit concerns have influenced their choice of jobs.

If benefits have affected a job choice for half the industry in general, then they are more important for younger and lower paid management. For example, of 26- to 35-year-olds surveyed, 59% said a benefits package had influenced a job decision. Benefits are also slightly more persuasive for men: 53% have made a job choice on that basis, compared to 47.6% of women.

"Believe it: To stay in business, companies are going to start doing the best they can afford for employees, at headquarters and in the field," says Food Placement's Hohenadel. "Labor is a competitive edge, and they need that edge. They need those people."

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MORE COMPANIES TRIMMED BENEFITS IN PAST YEAR

Compared to 1988, fewer JOB\$ respondents (38%) indicate their company added benefits in 1989. Respondents whose benefits were trimmed increased from 41% in 1988 to 45% in 1989. "Cafeteria" plans also are growing in popularity.

Changes in benefits packages

■ Commercial ■ Institutional

Added benefits		36.2%
		39.1
Trimmed benefits		50.9
		37.6
Added "cafeteria" benefits package		8.4
		22.3
Eliminated benefits		7.8
		4.1

JOB\$ '90

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Richard Frank
Chairman, CEO
ShowBiz Pizza Time Inc.
\$1,773,844

D. Wayne Calloway
Chairman, CEO, President
PepsiCo
\$1,505,096

Fred L. Turner*
Chairman
McDonald's Corp.
\$1,359,286

J.W. Marriott Jr.
Chairman, President, CEO
Marriott Corp.
\$1,012,500

Jerome Richardson
President, CEO
TW Services
\$800,000

James A. Collins
Chairman
Collins Foods Intl.
\$725,754

Robert L. Barney**
Chairman
Wendy's Intl. Inc.
\$699,431

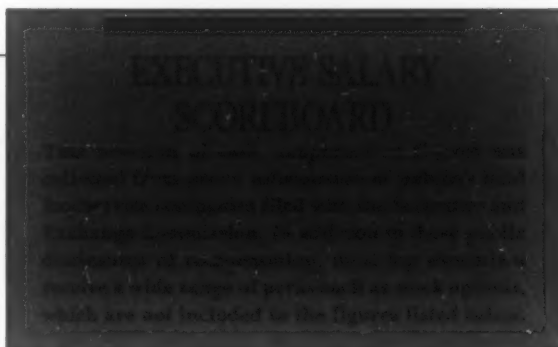
Jack W. Goodall Jr.
Chairman, CEO
Foodmaker Inc.
\$697,385

Joe Lee
President
General Mills Restaurants
\$672,100

Carl N. Karcher
Chairman, CEO
Carl Karcher Enterprises
\$658,732

E.E. Bishop
Chairman, CEO
Morrison Inc.
\$479,506

J. Mitchell Boyd**



Chairman, CEO
Shoney's Inc.
\$468,202

Michael P. Sullivan
President, CEO, COO
International Dairy Queen Corp.
\$442,186

Thomas L. Gregory
President
Sizzler Restaurants Intl.
\$425,595

Sam H. Maw
President, CEO
Denny's Inc.
\$412,457

Donald N. Smith
Chairman, CEO
Perkins Family Restaurants
\$400,471

Richard F. Sherman
President, CEO
Rally's Inc.
\$398,846

Daniel E. Evans
Chairman, CEO

Bob Evans Farms Inc.
\$398,092

Robert S. Benson
President, COO
Vicorp Restaurants Inc.
\$387,595

Frank D. Hickingbotham
Chairman, CEO
TCBY Enterprises Inc.
\$342,870

John B. Lahourcade*
Chairman, CEO
Luby's Cafeterias Inc.
\$311,458

Mario Sbarro
President, Chairman
Sbarro Inc.
\$279,379

Gene Bicknell
Chairman, CEO
National Pizza Inc.
\$274,602

Norman E. Brinker
Chairman, CEO
Chili's Inc.
\$238,269

Steven B. Dower**
President, CEO
Sea Galley Stores Inc.
\$234,225

J. Patrick Ross
Chairman, CEO
Rax Restaurants
\$224,243

Hollis Taylor
President, CEO
Pancho's Mexican Buffet
\$205,103

James J. Liguori
President, Chairman, CEO
Morgan's Foods Inc.
(KFC franchisee)
\$204,996

Clark D. Jones*
Chairman, CEO
JB's Restaurant
\$186,228

Sheldon E. Smith
Chairman, President, CEO
Old Fashion Foods Inc.
\$177,350

Aaron D. Spencer
Chairman, CEO
Uno Restaurant Corp.
\$175,768

Eddie L. Erwin, Jr.
Chairman, President
Family Steak Houses of
Florida (Ryan's franchisee)
\$150,000

Arthur Seelbinder
Chairman, President, CEO
Cooker Restaurant Corp.
\$115,543

Thomas E. Dietrich
President, COO
Two Pesos Inc.
\$108,000

William B. Korenbaum
CEO
Captain Crab Inc.
\$95,000

KARCHER



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A CAHNERS PUBLICATION

Trattoria-style Italian: casual with comfortable prices
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R&I's research uncovers the strategies employed by foodservice management companies to maintain momentum in the marketplace. Large contractors say they will branch out and offer more services; smaller regional companies consider food quality and personal attention their competitive edge in winning accounts. Fifteen companies share the spotlight in this issue's Exclusive.

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Italian food, trattoria-style, is a trend worth watching. Served in small, storefront restaurants with little fanfare but a lot of panache, the cuisine meets both the public's desire for less expensive, more earthy foods and an operator's need to trim costs. Our Food section includes recipes from trattorias in Chicago, New York and Houston.

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While patrons might not reject a restaurant simply on the basis of a less-than-great cup of coffee, it's the last impression they have of an operation and the meal served. A good cup of coffee provides an excellent return on investment—customers will be back for more of your quality service. On our Product Know-How pages, we present guidelines for better brewing.

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RESEARCH NOTES

IN BRIEF . . .

● The price premium on decaffeinated coffee (the result of costly chemical decaffeinating processes) might be eliminated in the future, thanks to a biotechnology food company that has found a way to genetically alter coffee beans. A firm in San Carlos, Calif., has devised a technique to insert foreign genes into *Coffea arabica*, the plant that accounts for 75% of world coffee production, according to a recent report in *Business Week*. The pro-



proprietary process could produce coffee beans with better flavor, better yields, tougher resistance to pests—and naturally low caffeine levels.

● One of every six jobs created through the year 2000 will be located in California, according to a recent forecast published by the Commerce Department. Arizona and Nevada, however, will post the fastest growth rates in total personal income, jobs and population.

DATA DIGEST

FISH FRENZY

Seafood consumption increased to an all-time high of 15.9 pounds per capita in 1989, up from 15.2 pounds in 1988. Tuna, shrimp and cod continue to be consumers' favorites, but for the first time, catfish was ranked in the top five.

Alaskan pollock consumption also rose substantially, up to 1.4 pounds per person. A National Fisheries Institute official attributes this growth to changing American diets and new techniques in seafood production and processing, including the enormous success of surimi seafood. Alaskan pollock is the basic raw material used in surimi.

Fresh and frozen fish make up the bulk of the seafood market (10.5 pounds per capita in 1989 vs. 9.6 pounds in 1988), but canned

TOP 10 FISH SPECIES

	Lbs./person
1. Tuna	3.90
2. Shrimp	2.30
3. Cod	1.69
4. Alaskan pollock	1.45
5. Catfish	0.69
6. Clams	0.61
7. Flounder/sole	0.57
8. Salmon	0.47
9. Scallops	0.33
10. Crab meat	0.29

Source: National Fisheries Institute

tuna also showed an increase (from 3.6 pounds to 3.9 pounds).

FREE MEAL TOP BENEFIT

Free or discounted meals, paid vacations and health in-

surance are the benefits most frequently offered to hourly employees, according to a new National Restaurant Association survey. Results are based on a sample of 339 NRA members with sales of more than \$1 million a year.

More than 90% say they provide meals for hourly employees, and of those, approximately half offer the meals free of charge. Of those charging for meals, 75% offer a discount. The median discount is 50%.

Ninety percent offer paid vacation leave to employees who work a median of 30 hours a week and have been employed for a year.

Eighty-four percent provide medical-surgical coverage for hourly employees, and most of them offer dependent coverage as well. To be eligible, employees must work a median of 30 hours a week and be employed at least 13 weeks.

—Maureen Pratscher

TASTES OF AMERICA

ORIENTAL, OF COURSE

Oriental food is one of the most frequently ordered ethnic foods. Nearly 60% of those answering R&I's 1990 Tastes of America survey had ordered Oriental food in the past year, and almost as many, 52.6%, had ordered it in the past month. Oriental food is particularly popular on the West Coast, perhaps because of the large Asian population there. About 29% of those in the West said they order Oriental food more than once a month.



R&I EXCLUSIVE

■ EXPANSION PLANS

CONTRACTORS ON THE GROW

These 15 foodservice management companies say there is plenty of market share to be won. Here's what they are doing to keep growth on the rise.

By Beth Lorenzini

By 1992, foodservice management companies' share of the institutional market is expected to reach 48%, up 8% from the 1987 share figure, according to a Technomic report. Whether large, medium or small in size, those contractors showing healthy growth say the trick is knowing one's limitations—in other words, can they provide what the client wants? Depending on size, limitations are varied indeed.

The big national players can successfully grow by branching out into more regions, targeting more institutional segments and offering more services, such as facilities management and day care, than their regional counterparts. Most of the small regionals interviewed, on the other hand, are adamant about staying regional. They say their success depends upon remaining "niche" oriented, providing the very highest quality food and service to very selective clients.

While regionals consider food quality to be the point of difference between them and their competitors, national companies seem to feel their sticking point lies in other areas. "Among the

large companies, there really isn't a great deal of difference in the quality of the foods served," says Michael Bailey, president of Trusthouse Forte Food Services. "So it's the small points of service and the time spent in response to customer needs that set the large companies apart—and that represent the greatest challenge."

The national contractors say they have the benefit of corporate resources and finances, a big help in creating high-ticket marketing and training programs. And, unlike regionals, large contractors are often in a better position to acquire smaller contractors, a key method of growth.

Regardless of the extent and character of the services they offer, all of the foodservice management companies feel there are plenty of clients to be won. "Some clients want the personalized local touch in foodservice," says Debi Benedetti, regional vice president for Bon Appétit, San Francisco. "Others want the resources and cost effectiveness they perceive a large national company can give them. Whatever the call, there is a contractor to fill the client's need."

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GROWTH CONTRACTORS

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Contractors have penetrated about 85% of the B&I segment, 30% of health care.

BON APPÉTIT MANAGEMENT CO.

San Francisco

Year established: 1987

No. of accounts: 30

Area of operation: West Coast

Sales: 1989: \$30MM; '88: \$15MM;

'87: \$5MM

Ownership: Private

No. of employees: 1,500

Strongest segment: B&I

Segments with most growth potential:

Higher education, B&I

When Bon Appétit Management Company's Fidele Bauccio and Ernest Collins, two former Saga executives, launched their regional foodservice management company three years ago, they hit the ground running. The company realized a 200% increase in revenues between '87 and '88, and a 100% increase between '88 and '89. "I used to think we'd get to the \$50- or \$60-million mark and then growth would slow," says Bauccio. "I don't think that any more. The market is calling for what we do."

Yet Bon Appétit is careful about growth. "We don't want to see explosive growth because our success de-

pends on being able to maintain our exceptional standards. One new account a month is about all we like to handle, even though we have calls for many more."

Baucchio says he has turned down potential clients when he felt philosophies might clash. "We are about food, period," he says. "If a client is only looking to the bottom line, we won't be able to work together because the driving force of our company is our passion for food. The client has to share that passion."

While the B&I segment is the strongest for Bon Appétit, the education division, which was started early in 1989, is showing fast growth, with eight accounts on the books already. "Colleges and universities are struggling to attract students," says Bauccio. "I've seen a real change in attitude by campus administrations—they are seeing fantastic foodservice as recruiting tool."

THE WOOD COMPANY

Allentown, Pa.

Year established: 1940

No. of accounts: 284

The Wood Co., celebrating its 50th anniversary, is a midsize regional contractor operating in the Eastern U.S. The company is resolute about remaining regional, espousing the "family business" approach to foodservice.

Area of operation: East Coast

Sales: 1989: \$172.7MM; '88: \$119.4MM;

'87: Not applicable

Ownership: Private

No. of employees: 7,500

Strongest segments: B&I, nursing homes, higher education

Segment with most growth potential:

Health care

Acquisitions: Food Concepts

The 1989 acquisition of Rutherford, New Jersey-based Food Concepts quickly made The Wood Co. a strong contender in B&I foodservice in the Eastern region. While it has clients in all institutional segments, the company is adamant about remaining regional, seeking business with accounts in New Jersey, Pennsylvania, New York, Connecticut, Virginia, Maryland and Delaware.

"One of our greatest strengths is our accessibility," says Diane Bumba, marketing director. "And that's because we are regional. When the client can call and easily get hold of our top executives, it has a major impact on how we're perceived. We are a family business in every sense."

The Wood Co. is very specific about how it intends to grow. It will continue to search for "intelligent acquisition opportunities" and it will continue to be selective about clientele. In the colleges and universities segment, one of its fastest-growing divisions, the company targets large institutions that are quality, not bottom-line, minded.

When it comes to B&I, Wood looks for white-collar businesses in Pennsylvania, New York and New Jersey that have 1,000 employees or more. Hospitals within a 90-mile radius of Wood's Allentown headquarters also are garnering interest from the company.

TRUSTHOUSE FORTE FOOD SERVICES

Trumbull, Conn.

Year established: 1978

No. of accounts: 510

Area of operation: National

Sales: 1989: \$124MM; '88: \$87MM;

'87: \$71MM

Ownership: Division of Trusthouse

Forte PLC, London

No. of employees: 4,200

Strongest segment: B&I

Segments with most growth potential:

Elder care, health care

Acquisitions: Creative Gourmets, Ideal Food Management, Servo Food Systems, Blaikie, Miller & Hines

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GROWTH CONTRACTORS

Most regional companies are adamant about staying small and specialized.

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Trusthouse Forte Food Services is a proponent of growth through acquisition—in the past five years it has taken Creative Gourmets, Boston; Ideal Food Management Systems, Miami; Servo Food Systems, San Francisco; and Blaikie, Miller & Hines, Stamford, Conn., under the corporate wing.

"It's important that the companies we acquire fit our niche," says Michael Bailey, president. "We can be described as an upscale foodservice provider, and we have a very strong people ethic." Growth through acquisition has certainly been a trend in the contract industry, adds Bailey. The only reason it might slow in the next few years is because there are fewer companies to acquire.

Bailey attributes successful acquisitions to two policies: Trusthouse believes in granting autonomy to acquired companies (a philosophy that goes for individual units as well), but at the same time, provides ample opportunity for employees to advance their careers within all subsidiaries of the parent company.

Most of the company's accounts are

in the Northeast and Western regions of the United States, and efforts are under way to gain greater market share in the Midwest and South. As to new segments, the company sees great potential in the elder-care market. "That market presents a real challenge to us," says Bailey.

GUCKENHEIMER INC.

Redwood City, Calif.

Year established: 1969

No. of accounts: 117

Area of operation: West Coast

Sales: 1990: \$47MM; '89: \$36MM;

'88: \$29MM (fy ends 6/30)

Ownership: Private, with ESOP

No. of employees: 1,000

Strongest segment: B&I

Segment with most growth potential:

Elder care

Any metro area west of the Mississippi is fair game for this upscale foodservice provider, but only if it represents a viable "market"; one choice account is not enough to bring the company into a new area. Portland, Ore., is one such area, while other markets in the Northwest and Southwest also

are under consideration.

While the company's major segment is B&I, retirement-living facilities hold great potential, according to George Maciag, president. But the company is entering the segment with caution. "There is definitely some risk in the new facilities because there is no way to tell if they're going to make it," says Maciag. "So initially, we'll try them on a year-long test basis to see if they're financially viable." The company has considered health-care and education segments as well, but there are no plans to enter those markets right now.

Guckenheimer, like many of the small regional companies, has a reputation for being a great place to work, thanks to its pervasive family spirit, pride in service and benefits. Maciag adds that an employee stock-option plan, started in 1988, didn't make any major waves until employees started receiving statements. "They were already committed to quality," says Maciag. "But owning a share is definitely an incentive."

TOTAL FOOD SERVICE DIRECTION

Miami

Year established: 1975

No. of accounts: 37

Area of operation: Florida

Sales: 1989: \$10.8MM; '88: \$8.4MM;

'87: \$7.9MM

Ownership: Private

No. of employees: 400

Strongest segment: B&I, higher education

Segment with most growth potential:

Health care, private clubs

In 15 years of food management, Total Food Service Direction says it has never lost an account because a client was unhappy with service. Add to that the fact that the company has no sales staff, and it's a good bet TFSD is doing something right to account for its healthy growth rate (28.3% from '88 to '89 alone).

"Our clients are our sales staff," says Gus Gregory, president, explaining that all new accounts come through word-of-mouth recommendation. From-scratch food preparation, a restaurant-style approach to foodservice, the ability to implement trends quickly, and the freedom for employees to respond to customer requests immediately are what he says add to the company's good reputation. All employees know they can take charge of seeing to cus-

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Michael Bailey, president of Trusthouse Forte Food Services, visits one of the company's B&I accounts, Richardson Vicks in Shelton, Conn. Trusthouse is a proponent of growth through acquisition.

GROWTH CONTRACTORS

Service response is the differentiating factor
for large contractors.

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tomers' needs without fear of the bureaucratic backlash often encountered in a larger operation, says Gregory.

The ability to provide good, personalized service is partly a result of niche. Total Food Service Direction operates solely in Florida, and has no intention of moving out of state. Nor will it enter into any services outside of food. Gregory foresees great growth potential in the health-care and retirement markets.

SEILER/FDI CORP.

Waltham, Mass.

Year established: 1964

No. of accounts: 367

Area of operation: New England, Central, Midwest, Mid-Atlantic, Southeast
Sales: 1989: \$376.1MM*; '88: \$320MM*; '87: \$224.4MM*

Ownership: Private; PC: Sodexho

No. of employees: 15,000

Strongest segment: Health care

Segment with most growth potential: Environmental services, health care, elder care

Acquisitions: In-Plant Catering, DCI (dietary concern), Western Foods.

Linked with Food Dimensions as sister company

While Seiler/FDI declines to release exact figures on sales and sales growth, they have managed to come close to doubling in size over the last four to five years, according to Don Storer, president and COO of Seiler/FDI's health-care division. Savvy acquisitions are partly responsible.

The Seiler Corp. found a perfect complement when its parent, Sodexho, acquired Emeryville, Calif.-based Food Dimensions Inc. in 1988. Now, Seiler/FDI have a synergistic relationship: Seiler is one of the leaders in all segments of foodservice management on the East Coast while FDI is a leader in health-care foodservice in the West and Southwest.

"This may sound odd, but we have no desire to be the largest foodservice provider in the country," says Storer. "We simply want to provide the best quality and value." For that reason, while it will certainly pursue new accounts, especially in the Central region (including Wisconsin, Illinois, Minnesota and Indiana), the company has no

plans to enter such service markets as day care or total facilities management. Nor does it have any intention of owning operations or building facilities such as life-care communities, as some of the larger contractors have done. "We are purely a management company," says Storer.

MARRIOTT CORP.

Washington, D.C.

Year established: 1927

No. of accounts: 2,050

Area of operation: National

Sales: 1989: \$3,990MM; '88: \$3,484MM;

'87: \$3,173MM

Ownership: Public

No. of employees: NA

Strongest segment: B&I

Segment with most growth potential: Health care

Mergers and acquisitions: Integ, Sogsabec (Canada), United Health, Eve, Saga, Sumitomo/Royal (Japan), Corporate Day Care

Anyone reading between the headlines of Marriott Corp.'s 1989 sale of its entire restaurant division can figure out that the company considers its contract food and services management division to be its No. 1 growth vehicle.

Marriott is leading the pack when it comes to branching out into non-food services. Spotting the trend toward the need for day care in today's corporate culture, Marriott acquired Corporate Child Care in 1989, which at this time operates facilities only on the East Coast. With the acquisition of United HealthServ Inc. in '89, Marriott became the second-largest player in the facilities-management segment.

Marriott sees incredible growth opportunities in the health-care market, (including foodservice and health-care facility management), in primary and secondary schools (it won 35 accounts last year alone), day care and assisted-living senior-care facilities, which it believes will be one of the strongest business segments by the year 2000. Marriott is building senior living centers (with nursing homes) at this time, but it might look into selling the properties and staying on to manage in the future, according to a company spokesperson.

International expansion is going strong as well. The acquisition of Sogsabec and Integ, two Canadian foodservice management companies, has strengthened Marriott's presence in that country, while the formation

continued on page 62

*P&I estimate

Beat The Crowds

Grab an Entree Salad Fast Bag. A deliciously complete meal—packed fresh and ready to go.

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Morrison's Fast Takes takeout program, an in-house branded concept geared to the grab-and-go customer, is ideal not only for regular accounts, but also fits in with the company's plan to expand its catering management business.

GROWTH CONTRACTORS

Many companies say the health-care segment holds the most growth potential.

continued from page 56

of Royal, Marriott, S.C. marks the beginning of business in Japan.

FLIK INTERNATIONAL CORP.

Mamaronek, N.J.

Year established: 1971

No. of accounts: 80

Area of operation: New York, New Jersey, Connecticut, Virginia

Sales: 1989: \$30MM; '88: \$27.5MM;

'87: \$23MM

Ownership: Private

No. of employees: 800

Strongest segment: B&I

Segment with most growth potential: B&I

Flik is yet another foodservice management company that plans to stay regional. Fortune 500 companies in Manhattan and the tri-state area (New York, New Jersey and Connecticut) are the clients of choice, but Flik also is known for capturing smaller accounts that larger competitors might ignore for fear of a low return on investment. "We've averaged 20% to 25% growth in earnings every year," says Julie Flik, executive vice president. "We expect that will continue, but we'll concentrate on increasing business with cur-

rent clients over increasing the number of new clients."

While it will not expand its service area in the United States, the company is considering opportunities abroad. Many of Flik's clients are international companies, so several overseas connections already are in place. In addition, Ruediger Flik, president, is German and is most familiar with the European market.

Like other regional counterparts, Flik emphasizes food. Julie Flik sees no slowing in the demand for restaurant-quality food and service in the corporate sector. The higher-education segment also holds growth potential.

PROFESSIONAL FOOD-SERVICE MANAGEMENT

Jupiter, Fla.

Year established: 1965

No. of accounts: 138

Area of operation: Majority in Wisconsin, Tennessee, Kentucky, Texas

Sales: 1989: \$90MM; '88: \$82MM;

'87: \$70MM

Ownership: Private, with 30% ESOP

No. of employees: 6,000 (winter)

Lackmann Food Service, in business since 1965, has a knack for merchandising its product, as this display shows. The company operates in New York, New Jersey, Connecticut and Florida only.



Strongest segment: Higher education
Segment with most growth potential: Higher education, B&I

Steady growth, averaging 10% a year over the past five years, is a trademark of this specialized foodservice company. But changes that might increase growth over the next two to three years are in the works. In 1989, PFM provided employees with a 30% share of the company through an employee stock option-plan it calls "A Piece of the Pie."

While the financial package involved in the ESOP will deter any active search for acquisition opportunities for the next four years (unless a great opportunity presents itself), the ESOP makes PFM an attractive employer. As a result, the company currently is carrying a full load of support staff that makes strong new account growth a probability, according to Lawrence Pande, president. "Growth rates run in spurts," he says. "And we are currently in a position to handle a lot more business."

Pande says the company will actively seek acquisitions in the future. Concentration in the higher-education market, PFM's bread and butter, accounts for slow but steady growth up to now, according to Pande. "We haven't branched out aggressively into other segments, so we haven't grown as rapidly as other companies that have been around as long as we have," he says.

But that's changing. The company is starting into the B&I segment and facilities management and thinks both hold great potential.

SOUTHERN FOODSERVICE MANAGEMENT

Birmingham, Ala.

Year established: 1951

No. of accounts: 90

Area of operation: National

Sales: 1989: \$35MM; '88: \$32MM;

'87: \$30MM

Ownership: Private

No. of employees: 1,050

Strongest segment: B&I

Segment with most growth potential:

Health care

Southern Foodservice Management is a bit of an anomaly. While it compares to small regional companies in sales volume and philosophy, it has accounts in 20 states, making it national. Also, unlike many regionals, SFM is most receptive to service-expansion opportunities, including day care and en-

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GROWTH CONTRACTORS

Will the B&I segment experience a resurgence of subsidy? One company says yes.

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vironmental services. "If the opportunity arises, and looks good, we'll definitely take it on," says Michael Barclay, vice president.

Today, Southern is embarking on a major expansion strategy, according to Barclay. The company is restructuring, hiring three regional sales directors (in addition to one regional director already in place in Atlanta) to cover four regions of the United States. Specific growth regions include Chicago, Dallas, Atlanta and all of Florida.

Despite its growth plans, Barclay says growth is not a priority. "We're a private company, and one of the benefits of being private is that we can grow at our own pace. We only take on clients we know we can serve well," he says. "This is in contrast to many of the larger companies who have set sales-growth goals, which, if not met, can mean heads will roll."

While the B&I segment represents the company's core business, Barclay says a major push is on to garner more health-care accounts. The education segment holds promise as well, but Barclay says SFM will target small, pri-

vate institutions, having found larger institutions a poor financial risk.

MORRISON'S CUSTOM MANAGEMENT

Mobile, Ala.

Year established: 1952 (contract food-service division)

No. of accounts: 892

Area of operation: National

Sales: 1989: \$580MM; '88: \$531MM;

'87: \$417MM

Ownership: Public

No. of employees: 12,000

Strongest segment: Health care

Segment with most growth potential:

Health care, higher education

Acquisitions: Manask, Dobbs Food Service, Custom Management

While Morrison's strongest markets are in health care and colleges and universities, according to Joe Byrum, president and CEO, the catering market, both on- and off-premises is generating a great deal of excitement in the company as well. Morrison's presence in the catering arena was greatly enhanced with the acquisition of Manask, the Taluca Lake, Calif.-based foodservice management company, in 1989.

Byrum also sees a resurgence of small subsidies in the B&I market, making it an appealing segment as well. Regionally, Morrison's sees growth opportunities in the Midwest and in California.

New-account sales have always been Morrison's No. 1 method of growth. "A good reputation sells better than any flashy sales pitch," says Byrum. "Staying in constant touch, responding to needs, that's what a good reputation is all about." Byrum adds that creating a comfortable rapport with clients creates an environment for information exchange engendering new sales leads.

Acquisition is another strong growth vehicle. Morrison's priorities in qualifying a company for acquisition are people, first; service reputation, second; and financial situation, third. "If a company we're looking to acquire shows real promise in that it has good people and good client relationships, its financial situation won't be as important to us," says Byrum. "We can work with the first two and make the financial aspect successful."

LACKMANN FOOD SERVICE

Woodbury, N.Y.

Year established: 1965

No. of accounts: 47

Area of operation: New York, New Jersey, Connecticut, Florida

Sales: 1989: \$39.3MM; '88: \$37.3MM;

'87: \$31.5MM

Ownership: Private

No. of employees: 900

Strongest segment: B&I

Segment with most growth potential: B&I, higher education

In addition to its core business- and higher education-segment concentration, this regional company sees growth potential in catering facilities and commercial restaurant management. "In the past few years, management opportunities in these two areas seem to have slowed down a bit," says Thomas Lackmann, president. "But we've seen signs that they'll be boom areas in the next couple of years."

It is doubtful the company will ever merge with another contract outfit, according to Lackmann, but he doesn't discount the idea of his company acquiring another, though it has not happened in its 25-year history. Although he receives about six calls a year from companies interested in acquiring Lackmann Food Service, Lackmann

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Carlo Castagneri is one of Consul's premiere chef-managers. At Dun & Bradstreet's Software Division in Minneapolis, he displays one of the company's "on exhibition" prep-to-order stations. In one year, the company has gained five accounts; a sixth and seventh are on the way.

GROWTH CONTRACTORS

Japanese and European markets are sparking U.S. contractor interest.

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just says no. "We have our own style of providing foodservice, and we've been very successful with it," says Lackmann. "We wouldn't want to jeopardize that." He adds that Lackmann will remain regional.

Lackmann doesn't think the company will have any problem reaching its goal of \$55 to \$60 million in sales by '94 or '95. Its Fresh Approach program, implementing small-batch cooking and totally fresh foods (all foods LFS prepares are 90% fat-free), has been revamped into the F.A.R.E. program, Fresh Approach in a Retail Environment, which will give the company an even better edge when competing with commercial counterparts.

ARA
Philadelphia

Year established: 1959

No. of accounts: 2,600

Area of operation: National

Sales: 1989: \$2,500MM; '88: \$2,350MM;

'87: \$2,144MM

Ownership: Private

No. of employees: 135,000

Strongest segment: B&I

Segment with most growth potential: All segments

Acquisitions: Szabo, Children's World Learning Centers, Servisco

When it comes to the art of the leveraged buyout, ARA takes the prize. In 1984, 62 of the company's executive managers bought 12 million outstanding shares for \$917 million in cash, providing them with an 18% share of equity. Another 7% of equity went to 10,000 participants in the company's retirement benefit plan. Although 75%

of equity came from outside investors, no single outsider owns more than 6%. While ARA is still dealing with debt, its operating margin has increased to 10.6%, and it is doing \$1 billion more in business than it did the year of the LBO, according to Joseph Neubauer, president and CEO.

Most of the LBO's success lies in ARA's careful management of debt, manifest in its remarkable ability to accurately predict cash flow. Also, productivity has greatly improved because of employees' sense of ownership—all employees have an interest in increasing sales averages.

ARA also improved profitability by ridding itself of marginal assets such as its trucking business and by reducing the number of nursing-home accounts. At the same time, smart acquisitions have paid off. ARA Group Inc., of which ARAServe is a division, has spent more than \$400 million on about six acquisitions for the company's foodservice, leisure, day-care and linen-rental divisions.

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RESTAURANTS & INSTITUTIONS

DAKA INC.

Wakefield, Mass.

Year established: 1973

No. of accounts: 550

Area of operation: East Coast, Midwest

Sales: 1989: \$109.6MM; '88: \$104.9MM; '87: \$83.8MM

Ownership: Public

No. of employees: 7,000

Strongest segment: B&I, education

Segment with most growth potential: B&I, education

Mergers: Fuddruckers (restaurant co.)

Since 1983, Daka has made several attempts to increase its presence by merging with other companies. There was an attempt to acquire a public restaurant company in '84, but the company went private. Then the contractor initiated merger talks with another contract company, but foresaw problems with overlapping of management and a difference of philosophy, and so walked away from the deal. "The old saying, always a bridesmaid, never a bride, comes to mind," says Chairman Terry Vince.

But in 1989, after two years of work, success came with the completion of the Fuddruckers merger, a public restaurant chain that was suffering financial trouble because of heavy overhead costs. Fuddruckers has the name and public standing Daka was searching for, while Daka had the money needed to turn the chain around. Although the merger was expensive to Daka (in 1989, it posted a \$5 million loss, the first in its history), profitability is up at both companies this year.

"We're right back on budget," says Vince. He attributes renewed profitability to reduced overhead costs. Now such functions as purchasing, accounting and training are combined for both companies. Also, going public has forced Daka to become more financially responsible. "We had some less-profitable clients that we'd carried for years because we were fat and happy and we could afford to," explains Vince. "We've since had to let them go and are now concentrating on higher-fee accounts."

Hot growth markets include Washington, D.C.; Baltimore; Chicago; Milwaukee; and especially New York. Daka will continue to look for acquisitions. "Rather than just moving into a new market under our own name, we'll look for a small, local company that already has a name and business set in a market we're interested in," says Vince.

CONSUL RESTAURANT CORP.

Bloomington, Minn.

Year established: 1989 (contract foodservice)

No. of accounts: 5

Area of operation: National

Sales: 1989: \$500,000

Ownership: Public

No. of employees: 50

Strongest segment: B&I

Segment with most growth potential: B&I, higher education

The management team of the contract foodservice division of Consul Restaurant Corp.—including John Nelson, vice president and division

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CARLISLE

GROWTH CONTRACTORS

Acquisitions work best when acquired companies are able to retain the qualities that made them targets.

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general manager; Gus Gaustad, director of operations; and David Toay, district manager—are ex-Saga executives, and they want clients to know it. "We had something at Saga that was unlike any other company," says Nelson. "Saga had an incredible reputation for quality, service and ethics. And those qualities will be what Consul is all about as well."

In one year, Consul has acquired five accounts, including Pillsbury's Technology Center in Minneapolis and Dun & Bradstreet headquarters in Atlanta; a sixth and seventh are imminent. The Dun & Bradstreet account, which Consul got through a word-of-mouth recommendation, is especially fortuitous in that it provides a foothold into the Atlanta market, considered to be a great growth area by the company. Otherwise, the upper Midwest, especially Minneapolis, St. Paul, Minn., Omaha, Neb., and Des Moines, Iowa, will be areas of concentration.

The upper Midwest is extremely undersaturated by contractors, according to Nelson, who feels there is enough business to be generated for years to come. "We're already getting calls for bids," says Nelson. "I had to turn someone down today because we might have another account coming in at the same time. If we can't promise total attention, we won't take an account." The company has plans to expand into the colleges and universities segment in another year.

COMPANIES TO WATCH

□ **Canteen Corp.**, Chicago, reports a record year for new business and substantial reduction in terminated accounts. The company's restructuring, (in which three divisional presidents overseeing the Eastern, Central and Western regions report to CEO Jerome Richardson), will help to increase new business because field-level operations will be less bogged down with administrative tie-ups, according to a company spokesman. In addition to the B&I segment, the company says corrections, retirement and nursing-home segments hold growth opportunities.

□ **Service America**, the fourth-largest contractor in R&I's 400 ranking, is in

the midst of restructuring the debt from its 1987 LBO. The company is renegotiating its current bond situation—the goal is to have more cash to use toward operating the business, less to be used toward repaying interest on the loan, according to Tighe Merkert, vice president of marketing.

"1989 was a rough year for operating profits," says Merkert. "But in the first quarter of this year, we already have \$25 million in new installed business and account terminations are way down from the same quarter last year." The company will concentrate on building business in the B&I, recreation services and higher-education segments; corrections foodservice is growing as well. The hottest region for growth is the Northeast, says Merkert. Service America opened its National Training Center early this year. The center, which provides a two-week course to all company managers, will help improve the overall productivity in the company, in everything from purchasing to employee relations, says Merkert.

□ Changes are afoot at Phoenix-based **Greyhound Dial**, as well. All eight divisions of subsidiary Greyhound Food Management, including Faber gifts shops, truck stops, Burger King franchises, Glacier Park resorts, public service cafeterias and Restaura, the traditional foodservice management division, will be identified under the Restaura name. Greyhound International Travel will be known as JetSave, and Greyhound ExhibitGroup will be known simply as ExhibitGroup. Why the name changes? The Greyhound Bus Line division, sold off several years back, is in Chapter 11, so the Greyhound name is carrying a stigma to which Greyhound Dial would rather not be connected.

The Restaura division expects to see an 8% to 12% increase in revenues this year, according to Brad Parker, manager of advertising and public relations. He adds that the division is well positioned to grow even with a slowdown in the economy, because its debt is low and it has trimmed unprofitable business.

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■ JOB\$ '90

Attitude Aptitude

Is your job all it's cracked up to be? Take R&I's JOB\$ quiz and compare your opinions about career and industry issues with those of your executive colleagues.

By Jeff Weinstein

A job is supposed to mean more than just a paycheck. It should mean a fulfilling career, jam-packed with challenging and rewarding experiences. After all, this is the hospitality industry—delivering good service, good food and good times can be fun.

So can the business side of the business. The chance to watch an operation grow and gain an outstanding reputation in the community or across the country really makes donning the corporate uniform worthwhile.

But is all this talk reality, or just a silly dream? If foodservice is such a great industry, why is the turnover rate, even at the executive level, so high? This year's survey respondents tell why: Frustration runs neck and neck with the challenges and rewards. Perhaps a change of career into the institutional segment of the foodservice industry would better suit chain executives dealing with burnout

after years of long, hard hours.

The frustration and complication promises only to get worse as foodservice heads into the '90s, and previously untested ethical and moral dilemmas become apparent. Women, while making some strides forward, have yet to crack the "old-boy" network. The number of minority executives in the industry can be counted on two hands. More companies are carefully forming AIDS, drug-testing and recycling policies.

You and your colleagues' thoughts on these matters can be found in the results from R&I's 22nd annual JOB\$ survey. Just as Part I of JOB\$ did ("Salary Savvy," Sept. 5, p. 36), this edition of JOB\$ uses a quiz format to test your knowledge of prevailing attitudes of more than 2,500 middle- and top-level executives from all segments of the foodservice industry. So take the test and see how your views stack up in today's foodservice world.

JOBS QUIZ PART II: A CAREER REALITY CHECK

1. In which segment are executives most challenged by their job?
 - a. College/university
 - b. Fast food
 - c. Catering
 - d. Hospital
2. What do executives cite as the No. 1 reason for entering the foodservice field?
 - a. Interest in good food
 - b. Just drifted in
 - c. Desire to serve people
 - d. To make money
3. What do executives cite as the most important reward they get from their job?
 - a. Money
 - b. Competing and winning
 - c. Serving others
 - d. Feeling of accomplishment
4. Which age group leaves its job most often because of relocation?
 - a. 56 to 65
 - b. 25 or less
 - c. 46 to 55
 - d. Over 65
5. What percentage of executives approve of drug testing at the work site?
 - a. 11.6%
 - b. 34.1%
 - c. 68.7%
 - d. 52.5%
6. Executives from which segment say they are most interested in working in another segment of foodservice?
 - a. Family dining
 - b. Fast food
 - c. Hospitals
 - d. Employee feeding
7. What percentage of executives think women are making great strides in foodservice careers?
 - a. 26.6%
 - b. 84.2%
 - c. 49.3%
 - d. 69.9%
8. Which executive has the strongest belief that loyalty is an outmoded idea in the foodservice industry?
 - a. Unit manager
 - b. Purchasing manager
 - c. Food & beverage director
 - d. Executive chef
9. Executives from which segment have the most trouble juggling a career and a personal relationship?
 - a. Fine dining
 - b. Lodging
 - c. Military
 - d. Fast food
10. Where would most executives like to be in five years?
 - a. Better job; same company
 - b. Where they are now
 - c. Owner of food-service operation
 - d. In a different industry

JOB\$ '90

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Regional managers are the most challenged, yet the most frustrated, by their job.

1

If a job in food-service is anything, it is challenging. No two days are alike. The demands, both on time and patience, are unending. For instance,

who would be willing to meet a request such as "no green gumdrops in the candy dish?" The answer: caterers, the most challenged foodservice executive, according to 1990 JOB\$ survey results. Compared to an industry average of 71%, about 85% of caterers consider their jobs challenging. At the other end of the spectrum, only 57% of assistant unit managers and dietitians are challenged by their work.

"These numbers don't surprise me," says Chip Fisher of Fisher & Levy catering, New York City. "The catering industry has gone from the stone age to the modern age the way the restaurant business did from 1975 to 1990."

Among job titles, 83% of area/

regional managers consider themselves challenged. That stimulation, however, is not always positive because it is that same group (62%) that reports being frustrated by their job most often.

When broken down by gender, the survey shows 52.4% of females are frustrated with their jobs vs. 42.3% for males.

There is hope, however. Survey results indicate frustration levels decrease as age and income increase. About 27.5% of those who are over age 56 or making more than \$75,000 report job frustration, while 50% of those who are age 26 to 35 or making \$20,000 are frustrated with their job.

2

Ten years ago, executives offered a number of similarly weighted reasons for entering the foodservice industry. The desire to serve people and make money were

about as important as anything else. In 1990, however, interest in good food is the overwhelming No. 1 reason for starting a foodservice career. The desire to serve people just edges out making money as the No. 2 choice. Interest in nutrition is the fourth choice.

It's not surprising that 65% of catering executives are lured into the business because of their interest in gastronomy, compared to just 21.5% for fast-food management.

What's the draw for fast-food executives? By far, it is money. More than 53% are lured into the industry by the almighty dollar. Another 39% in fast-food entered the industry with the goal of becoming their own boss. And 26% just drifted in.

Money also appeals to 42.4% of males but only 25.9% of females. The survey indicates females are much more interested in food, service and nutrition. This response also is in line with the higher population of women in the institutional segment of food-service and in careers such as dietetics.

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CASUAL THEME, RECREATION JUST WANT TO HAVE FUN

Compared to an industrywide average of 42.9%, almost 53% of executives from the casual-theme and recreation segments say their job is fun. Owners have the most fun on the job (52%), compared to just 25% of dietitians and purchasing managers.

What do you think about your work?

Challenging		70.9%
Frustrating		46.3
Rewarding		45.0
Fun		42.9
Routine/satisfying		32.9
Boring		7.8

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Interest in good food is the No. 1 reason executives start a foodservice career.

3

Along with the constant challenges posed by a foodservice management position comes a strong feeling of accomplishment, which is cited by executives far and

away as the most important reward gained from their job.

The satisfaction of a job well done is important to two-thirds of all JOB\$ survey respondents.

"Accomplishment will always be the most important," says Molly Hancock, director of operations for Consolidated Restaurants, a chain of full-service operations in Seattle. "This will never be a 40-hour-a-week job, so the industry will always be composed of people who do it because they choose to do so."

Nonetheless, the importance of achievement and the reward of serving others has dipped slightly over the last

10 years. Meanwhile, the ability to make money and compete and win are gaining in the eyes of today's ambitious managers.

When comparing attitudinal responses of managers and their assistants, one can conclude that personal satisfaction grows with increased responsibility. A feeling of accomplishment is the most important reward for approximately 70% of unit managers and F&B directors, but just 58.5% for their assistants. Conversely, the reward of serving others is important to 29% of assistants—but only 15% of their bosses.

4

Relocation is a fact of life for foodservice executives on both ends of the age spectrum. Twenty-one percent of survey respondents 25 years old or younger left their last job be-

cause of relocation. That number steadily decreases to less than 15% until age 56, when the number jumps back up to 19.7%.

But what is it that causes executives to make that move? The leading reason for a job change is advancement. Almost 47% of all managers cite wanting more responsibility as the reason they change scenery. About 57% of executive chefs leave to get ahead.

"A lot of executive chefs do leave to better themselves but I don't think that is the leading reason," says Michael Grasso, former executive chef and currently general manager of the Zodiac Room at Neiman-Marcus in Chicago. "They change positions a great deal because they are unhappy with their current situation, things such as the quality of employees in the kitchen or their lack of ability to exercise control over the whole restaurant."

Leaving for more money is cited by 21.6% of all respondents.

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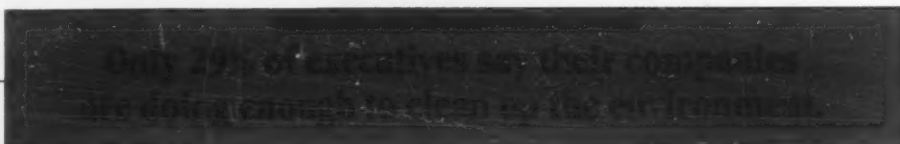
ATTITUDES PAST AND PRESENT

Executives' interest in food, nutrition and, of course, money has grown steadily since 1980, as has the desire to become their own boss. Meanwhile, the yearning to serve others and feeling of accomplishment have diminished as the most important rewards.

Reasons for entering foodservice field	1980	1990
Interest in good food	29.9%	47.6%
Desire to serve people	27.3	36.6
Just drifted in	24.1	21.9
To make money	23.5	36.0
Interest in nutrition	21.8	28.4
Desire to be own boss	19.4	28.3
Good field for women, minorities	7.2	9.6
To join the family business	6.8	7.0
Most important reward from job		
Feeling of accomplishment	71.5%	66.6%
Serving others	22.9	18.4
Money	17.3	19.9
Competing and winning	11.3	12.9
No satisfaction	2.6	2.1

JOB\$ '90

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5

While America is saying "no" to drugs, corporate America is saying "yes" to drug testing. Fully 68.7% of JOB\$ respondents (63.5% commercial vs. 75.8% institutional) approve of drug testing at the work site.

"It's easy to say you're for drug testing, but when it comes to implementing a program, it becomes much more difficult," says a human resource director for a large fast-food chain. "We have implemented a plan to test upon approval. But so far I haven't approved any. The policy acts as a deterrent."

Among the more adamant supporters of drug testing are the transportation segment (100%), military/correc-

tional (83%), recreation (81%) and hospital (78.5%).

6

Ah, variety, the spice of life—and a foodservice career as well. Approximately 69% of JOB\$ survey respondents would not mind working in another segment of foodservice. Most interested in jumping ship are 76.5% of executives from the family-dining segment.

The person most likely to change jobs is the unit manager; more than 78% would consider a good opportunity. Those least interested in change are managers from the private clubs (53.8%) and school foodservice (61.9%).

7

Women are still struggling for their rightful posts in the executive suite. But according to 69.9% of JOB\$ respondents, women are making great strides in their careers.

Disagreement between male and female respondents on the question is not extreme. Almost three-fourths of males say females are getting ahead, compared to 62.8% of females.

"I feel I have been well taken care of, and we have several other women in the company who are highly respected as managers," says Hancock of Consolidated Restaurants. "My perception since I started in the restaurant industry 16 years ago is that gender is no longer a criteria today."

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MAKING A STATEMENT

Among the new topics covered this year, drug testing makes sense to a solid majority of executives. While operators are doing their share to hire the disadvantaged, they seem to be dropping the ball with the tough question of how to handle AIDS-afflicted workers and their ability to feed the hungry and homeless in America.

% who agree with the following statements

	Commercial	Institutional
Women are making great strides in foodservice careers.	73.3%	65.1%
I approve of drug testing at the job site.	63.5	75.8
I wouldn't mind working in another foodservice segment.	68.8	68.6
My organization lives up to its commitments to employees.	56.8	58.5
My company is hiring enough handicapped, elderly, minorities.	51.7	61.8
Foodservice is a prestigious career.	60.1	48.1
Foodservice offers me better opportunities for advancement.	46.4	30.0
I don't have to worry about job security in foodservice.	39.2	34.3
My company is handling AIDS-afflicted employees properly.	22.2	41.7
Foodservice pays well.	35.5	20.8
My company is doing enough to clean up the environment.	29.8	28.3
Company loyalty is an outmoded idea.	27.7	28.9
My organization has a clear career path mapped out for me.	30.4	23.4
My company is doing enough to feed the hungry, homeless.	22.2	25.4

JOB\$ '90

continued from page 86

Almost one-fifth of executives want to be working in a different industry in five years.

8

Even through the "Me" generation, the idea of staying loyal to an employer has survived. Only 28% of JOB\$ respondents agree that company loyalty is an outmoded idea. But cynicism is greatest among food and beverage directors, as 41.8% believe loyalty is a thing of the past.

Loyalty remains a strong value among 80% in the catering segment but only 59.8% in hospital foodservice.

9

Because of the long and late hours associated with a job in the hospitality industry, juggling a personal life will always be tricky. This year's JOB\$ results reveal that manage-

ment from the lodging segment has the toughest time balancing the two. Nearly 58% say their job has a negative affect on personal relationships. The news is not very rosy in the fine-dining segment either, as 50% say their job throws a monkey wrench into their personal life.

"What personal life?" says a food and beverage director for a leading hotel chain. "It's an 80-hour-a-week job. And that is if you're not busy. Otherwise it is more like 110 or 120 hours a week. . . . And if I'm not on the job putting in the long hours, I know I'll lose my job."

If the pressure is too much, try the institutional side of foodservice, where only 22.7% say their career gets in the way of personal happiness.

Also, take heart in a comparison to last year's survey results. Those who report their job having a positive effect on their personal life increased from 17.2% in 1989 to 20.3% in 1990.

10

News flash for personnel executives: Loyalty lives. When asked where they would like to be in five years, 31% of foodservice executives want to be with the company they are with now but in a better position.

Given those conditions, 39.4% of management personnel from lodging, 44.7% from college and university foodservice, and 47.6% from recreation would stay with their employer.

About 21% of the crystal-ball gazers see themselves owning their own foodservice operation in five years. This is the dream for 35.8% of executive chefs, 34.5% of assistant unit managers and 31.5% of unit managers.

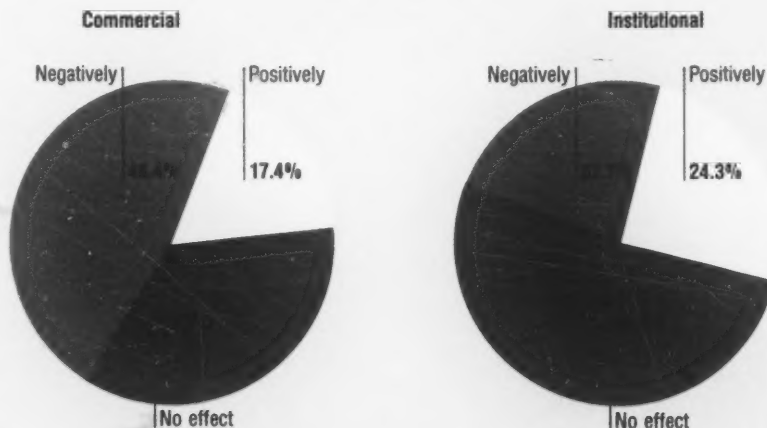
Another 15% envision themselves in a different industry altogether by 1995; more than 20% from the fast-food segment.

RST

ROLLING WITH THE PUNCHES

The long hours associated with commercial foodservice can take a toll on personal relationships. There is hope, however. Those who say work has a negative impact on their private life decreased from 49.6% in 1989 to 46.4% this year.

How does your career affect your personal relationship?



Source: 1990 R&I JOB\$ survey

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36 R&I EXCLUSIVE: 10 WINNING INTERIOR DESIGNS

Winners in R&I's 1990 Interior Design Award Program illustrate the increasing sophistication of both designer and operator. The environments they create include all facets of the dining experience, from takeout counters to the grand cafe. This year, a distinguished panel of judges selected from a field of 74 entries 10 operations that exemplify the fine art of food-service design.

88 THE LODGING INDUSTRY: OVERNIGHT SUCCESS?

Although hotel expansion has slowed from its hectic '80s pace, a number of markets are seeing brisk hotel business. R&I checks into 10 U.S. cities, from Boston to San Francisco, and reports on their occupancy rates compared to the national average, and shares hotel executives' predictions for growth across the country.

112 NEW YORK, NEW YORK: IF YOU CAN MAKE IT THERE...

New York diners, among the most sophisticated in the country, have sent

high-priced entrees and stuffy service back to the kitchen. They're getting back a good deal—lower-priced meals (\$40 for appetizer, entree and glass of wine) in more casual surroundings—as chefs struggle to build customer counts and repeat business. Our editorial restaurant tour discovers just how chefs and owners are creating exciting but more affordable dining experiences.

133 FOODS SPARKLE ON THE WHITE STUFF

What becomes an entree most? White dinnerware, according to classically trained chefs, for instance, Bradley Ogden of Lark Creek Inn. Still others, like Routh Street's Stephan Pyles, have discovered that white plates trimmed with a simple band of color lend a certain symmetry to food presentations. Our Equipment article spotlights white tabletop options.

138 TAKING A NEW BITE OF THE BIG APPLE

Yes, there are pork cheeks, end cuts of salmon, tuna tails and swordfish bellies in popular-priced dishes found today in New York's fashionable restaurants. Our food section features budget-wise, trend-setting recipes from the new school of New York chefs.



TASTE 112

Taking in stride the trend of serving fine food for less, Chef Donald Pintabona (l.) and owner Drew Nieporent of TriBeCa Grill, New York, cook up a cornucopia of moderately priced entrees.

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R&I REPORT

RESEARCH NOTES

IN BRIEF . . .

■ Research scientists at the U.S. Department of Agriculture have developed chocolate and vanilla milkshakes that contains only 6% sugar vs. the 12% sugar found in typical milkshakes. The low-sugar beverages, made from water, nonfat dry milk, cream and other ingredients and served from a milkshake machine, were designed as an alternative to the milk requirement of Type A school lunches. They provide all the nutrients of whole milk with no more sugar than that found in chocolate milk. Students at two high schools where the shakes were tested readily accepted the low-sugar alternative.



■ Vending machine operators earned less than 4% in pretax profits in 1989, according to a survey by the National Automatic Merchandising Association. Slightly more than 50% went to cover operating expenses (including 24.7% for labor and 7.7% for commissions to the location where the vending machines are placed), while 45.4% covered the cost of products sold.



DATA DIGEST

KEYS TO GREAT SERVICE

In an effort to define the traits common to companies noted for their customer service, Performance Research Associates, a Minneapolis research firm, has developed a new "superior service" database.

Four factors emerged as unique to organizations that have earned reputations for great service:

1. Employees at all levels pay attention to the small details that are important to customers.
2. Employees have confidence in other people in the organization and believe that they, too, are motivated to do as good a job as possible for the customer.
3. Managers act as positive role models of good customer service.
4. Front-line people are

trained in the skills and practices that customers rank as important to satisfaction.

FAST-FOOD TECHNOLOGY

Two new developments that could be a boon to fast-food companies recently came to market, according to *Business Week* magazine.

The first, short-distance

transmitters that use empty space on FM radio bands, could be used in drive-thru lanes to promote specials or entertain customers while they wait in line.

The second, already in test at some fast-food units, eliminates the waiting time while a cashier calls to authorize a purchase. A list of lost, stolen or over-the-limit cards is transmitted daily via television signals and bad cards are identified by a single swipe of the magnetic strip.

—Maureen Pratscher

A JOB WELL DONE

Monetary awards or gifts can go a long way toward building employee morale and loyalty. Service awards, based on years of employment, are the most popular among hourly employees.

Employee award	% Companies offering
Service award	50%
Christmas bonus	44
Performance bonus	38
Suggestion award	32

Source: National Restaurant Association

TASTES OF AMERICA



SUPER SOUP

With colder weather returning to many parts of the country, soup such as this corn chowder becomes a popular menu choice once again. More than two-thirds of those answering R&I's 1990 Tastes of America survey ordered soup during the past year, and 36% order it more than once a month. Even in the temperate West, more than 21% are ordering soup more frequently this year than last year.

SPECIAL REPORT

■ HOTEL BUSINESS

The last decade saw a period of great expansion in America's lodging industry, but tough times have followed.

R&I looks at 10 major cities to see which still enjoy

OVERNIGHT SUCCESS

By Rob Townsend

For the country's hotel industry, the early 1980s were a time of manifest destiny. Financing was easy and eager investors put up new hotels in great numbers. As the industry segmented into such subsets as all-suites, limited-service and extended-stay properties, hoteliers had more choice than ever in what type of hotel to build. What's more, these hotels didn't even have to make money. Existing tax laws allowed investors to put up trophy hotels more as jewels in a real estate collection than with any thought of making money.

Times have changed. New federal tax laws make operating profits a necessity and a sharply tightened lending market makes it tougher for even established hoteliers to finance new projects. New hotel construction has slowed, although some projects, planned during the boom years, continue to open. For the lodging industry as a whole, occupancy rates have remained flat because demand never caught up to room supply.

As fewer new hotels open, the national occupancy rate is now beginning to rise, however slightly. Through the first half of 1990, the nation's occupancy rate was 63.8%, up from 62.5% during the same period last year, according to Randy Smith, president of Smith Travel Research, Gallatin, Tenn. Barring drastic changes in domestic travel patterns,

RESTAURANTS & INSTITUTIONS



Smith predicts a year-end occupancy rate of 64.4%. The break-even point for full-service hotels is generally between 62% and 63%, he adds.

To get a closer look at lodging's future, *R&I* examines 10 major cities, from Boston to San Francisco, and looks for such benchmarks as business climate, new hotel development and tourism increases or decreases.

Some cities, such as Los Angeles and San Francisco, enjoy occupancies higher than the national average, yet these rates are slipping due to an oversupply of rooms and fewer guests.

On the other hand, Dallas, Houston and Cleveland are strongly on the rebound. Both the economy and room demand are up in the oil industry-based cities in Texas, while new hotel development in Cleveland promises a stronger presence as a convention city.

Smith Travel Research provided information on occupancy and room rates (first-half 1990).

BOSTON

Average occupancy rate: 60.6%

Average room rate: \$94.23

As bad a time as the New England region is having, Boston is having a better year, says Ed McCann Jr., executive vice president of the Greater Boston Hotel-Motel Association. In view of Massachusetts' poor financial position, however, McCann feels that 1991 might be a weaker year for lodging because of possible cutbacks in tourism and convention promotion programs.

Conventions and international tourism have been big factors in Boston's outpacing the rest of the region this year. The city's convention space has doubled in the last few years, bringing more group business to town, but McCann says that future convention bookings do not look as strong. On the other hand, international tourism has grown significantly since 1984, when the city began an aggressive overseas marketing campaign.

Because no new hotels are currently under development, existing hotels stand to benefit as customer demand catches up with the room supply. However, says David Motta, regional director of market planning for Promus

Chicago's many downtown business hotels will feel the squeeze if the nation's economy weakens.

continued on page 92

HOTEL BUSINESS

Atlanta should continue to prosper, with downtown convention business and tourism in Buckhead.

continued from page 89

Corp., Memphis, Tenn., with land prices beginning to soften, now might be the time to look at new hotel sites.

NEW YORK

Average occupancy rate: 70.9%

Average room rate: \$120.15

"New York is the most important hotel city in the United States," says Peter Blyth, executive vice president of development for the Radisson Hotel Co., Minneapolis.

Blyth certainly is not alone in this opinion—new hotels continue to open in the country's largest city despite soaring real estate prices. Development continues in the Times Square area—following the lead of the Marriott Marquis, the Holiday Inn Crowne Plaza and the 638-room Hotel Macklowe recently opened, and a 450-room Embassy Suites opens this fall. Jim Holt-houser, Promus' senior analyst of corporate marketing, says that construction soon will begin on a 320-room Hampton Inn near Times Square.

While some hotel companies continue to build new properties, others look to existing hotels as conversion possibilities, since the high costs of land and construction when building a new hotel can push room rates beyond a

competitive level. Radisson, for example, is looking for an existing property in New York to convert to the Radisson flag.

Occupancy rates should dip slightly until the end of 1992, according to Gregory T. Bohan, principal at the accounting firm of Pannell Kerr Forster, New York. The downturn is partially due to a decrease in the number of business travelers, he says. Occupancy could slide even further with the addition in June of a 5% sales tax on rooms that sell for more than \$100—this brings New York's room tax up to 21%, which might drive away even more business, says Bohan.

ATLANTA

Average occupancy rate: 62.5%

Average room rate: \$60.11

Atlanta enjoys a reputation as a strong hotel town, but reasons vary from one hotel company to another. Radisson's Blyth is optimistic about Atlanta's long-term prospects, citing good business at his company's downtown convention hotel. On the other hand, Bill Watson, vice president and director of strategic marketing for Boston-based Sheraton Hotels, feels that downtown is "maxed out" with hotel

rooms. He says that Sheraton is currently looking to convert a downtown convention hotel.

The Buckhead area, just north of Atlanta's downtown, has enjoyed several years of hotel growth with more additions expected. Because of Buckhead's major shopping attractions, area hotels do well on weekends with local customers, says Peter Farone, vice president of sales, The Ritz-Carlton Hotel Co., Atlanta. Despite the opening of 1,000 new rooms in 1989 and 800 more rooms opening soon, Farone feels that increasing demand should keep up with new supply.

Promus, which has an Embassy Suites in Buckhead, is less optimistic about the area's immediate future. "The area is in for some rough sailing," Motta says. "If you could open new rooms uniformly, it would be OK. But often a market opens up and so much supply shows up at once."

CLEVELAND

Average occupancy rate: 61.9%

Average room rate: \$52.86

Cleveland has spit-shined its once tarnished reputation and has rallied with a renaissance of downtown business development, which includes increasing its present supply of approximately 1,300 rooms to 3,400 by the end of 1992.

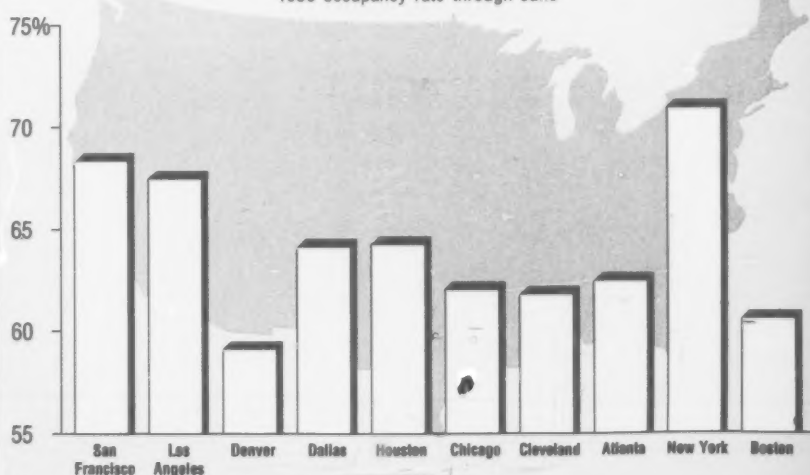
By offering tax-abatement plans to multipurpose building developers, Cleveland attracted a 208-room Ritz-

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OCCUPANCY RATES FROM COAST TO COAST

Of these 10 cities, those on the East and West coasts boast the highest occupancy rates through June 1990. Dallas and Houston are the only other cities of the group doing better than the national average of 63.8% for the same period.

1990-occupancy rate through June



Source: Smith Travel Research

HOTEL BUSINESS

Boston's occupancy has fared better than other areas in financially beleaguered New England.

FOREIGN TRAVELERS: BOON TO HOTEL INDUSTRY

One customer segment helping to fill the many new hotel rooms on the domestic market are foreign travelers. Savvy operators will make note of this when revising restaurant and room-service menus.

Foreign visitors spent a total of \$44.5 billion in this country in 1989, according to Don Wynegar, director of the U.S. Department of Travel & Tourism's office of research, Washington, D.C. Of this, \$9 billion was spent on lodging.

In descending dollar amounts, travelers from the following countries spent the most money in 1989: 3.1 million Japanese spent \$9.1 billion; 15.4 million Canadians spent \$5.6 billion; 2.2 visitors from the United Kingdom spent \$4.7 billion; 7.2 million Mexicans spent \$3.6 billion; 1.1 million West Germans spent \$2.4 billion; and 654,000 French citizens spent \$1.7 billion.

continued from page 92

Carlton hotel in conjunction with the Tower City retail/dining/office project and a 400-room Marriott as part of a new Society bank building, according to Rich Conti, senior principal in the accounting firm of Laventhol & Horwath's Cleveland office.

Room demand should rise to meet the added room supply, says Conti, because the city has a number of business and tourism draws currently open or in the works: two new downtown retail centers, a \$30 million rehabilitation of convention space, and unfinished plans for both a new downtown baseball stadium and a basketball arena.

CHICAGO

Average occupancy rate: 62.0%
Average room rate: \$74.08

Average occupancy for Chicago in 1990 should finish slightly under last year, says Arnold Karr, executive director of the Hotel-Motel Association of Illinois. The drop should be minimal, however, considering there are more rooms than last year, he says.

Yet Chicago's somewhat soft hotel market could get softer, Karr says, if the nation's economy takes a turn for the worse. Because 80% of Chicago's guests are in town on business, any eco-

nomie downturn will affect downtown occupancies. Already, businesses are tightening employees' travel budgets, putting the squeeze on mid-priced and luxury business hotels.

Economy chains such as Econo Lodge, Charlotte, N.C., have been looking at various entries into Chicago's downtown area, with the most viable prospects being conversions, says Karr.

Karr puts his hopes for improved downtown hotel business on two factors: another convention space expansion at McCormick Place and an increase in the number of foreign travelers.

HOUSTON

Average occupancy rate: 64.2%
Average room rate: \$53.49

DALLAS

Average occupancy rate: 64.1%
Average room rate: \$56.81

Of Houston and Dallas, two Texas towns badly hurt during the oil bust of the early 1980s, finding out which is doing better depends on who is answering the question.

"Houston is on the upswing," says Ritz-Carlton's Farone. "The oil industry is on the rebound and the economic climate is great." Beyond the oil recovery, Farone says that when the oil industry was in bad shape, Houston's cost of living dropped, attracting a good number of new residents and non-oil businesses.

With other factors such as a new convention center, Houston will again be a strong lodging force in the next three to five years, says Bob Massey, director of development for the Western region in Holiday Corporation's Denver office.

The fact that no new hotels are under development also helps boost Houston's average occupancy.

New development might be a possibility in the Dallas area, according to Massey. "Dallas didn't suffer as badly as Houston, and parts of Dallas have gotten better very quickly," he says.

One question yet to be answered, regarding not only both cities, but the nation as a whole, is what effect on

continued on page 96



New York remains the country's premier lodging city, with many new properties competing with well-established hotels.

HOTEL BUSINESS

After bottoming out after the early '80s oil bust, Denver's hotel business is on the rebound.

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F&B SALES RISE IN '89

Traffic counts for the number of hotel guests and non-guests patronizing hotel restaurants rose 1.1% in 1989, according to a study by Laventhol & Horwath. Food and beverage sales per occupied room rose to \$45.15 in 1989, up from \$44.03 in 1988.

The average check per person rose slightly from \$12.10 in 1988 to \$12.54 in 1989. Both food and beverage costs as a percentage of sales remained flat, with food costs coming in at 31% and beverage costs at 21% in both years.

Sales per occupied room at independent hotels were much higher in 1989 than sales at chain hotels—\$70.16 at independents, compared to \$40.12 at chain properties. However, food costs as a percentage of sales were lower at chain hotels (30%) than at independents (32%). Beverage costs as a percentage of sales were also lower at chain hotels (21%) than at independents (23%).

hotel business the Mideast oil crisis will have. On one hand, it might bring about a return to health for the Texas oil companies, in turn boosting business in Dallas and Houston. Yet a sharp increase in gasoline prices could cause a significant reduction in automobile and airplane travel, devastating business for both corporate and transient hotels across the country.

DENVER

Average occupancy rate: 59.1%

Average room rate: \$53.52

As it did in Dallas and Houston, the '80s oil bust sent Denver's hotel business reeling. In addition to that staggering economic blow, the number of new hotels in development sent Denver's room supply soaring, from approximately 12,500 rooms in 1982 to over 20,000 by the end of the decade, according to John A. Montgomery, director of hospitality industry advisory services for Laventhol & Horwath's Denver office.

The drop in occupancies flattened in 1989, however, and local hotels have started a healthy recovery process. Two reasons for this upswing are a newly opened convention center, attracting group business, and the fact that no new hotels have opened re-

cently, nor are any in development.

Two other factors might keep Denver's future bright in the long term. The first is a second airport, scheduled to open in 1993; any new hotel construction in the Denver area will likely take place here. The other bright spot is still just a possibility: Denver is lobbying for a major-league baseball team and has passed a sales-tax initiative that would help finance a new stadium.

LOS ANGELES

Average occupancy rate: 67.4%

Average room rate: \$71.26

SAN FRANCISCO

Average occupancy rate: 68.3%

Average room rate: \$87.93

While both Los Angeles and San Francisco boast occupancy rates higher than all other cities profiled here, except for New York, rates are slipping.

In Los Angeles, the answer lies in a combination of new-room supply outpacing demand, less convention business than last year and layoffs in area government-contract industries. However, despite a 4.9% increase in new rooms so far in 1990, this increase is slowing, says Bill Howe, director of public relations, California Hotel & Motel Association, Sacramento.

These factors have affected economy and mid-priced properties more than luxury hotels, says John Richards, senior vice president of marketing for Four Seasons, Toronto. "Our segment has been rather recession-resistant," he says. "We are still doing very well with advertising, entertainment and executive clientele."

San Francisco's hotel industry weakened considerably after 1989's earthquake. Not only did the city lose tourists to areas on more stable ground, but it is overbuilt. New rooms so far this year have jumped 4.1% over last year, while demand has dropped .8%, says Howe. Several more hotels, in development for some time, will open in the next two years, he adds.

Ritz-Carlton will open its new hotel on Nob Hill next spring. "It's going to be a dogfight to compete in such a competitive town," says Farone.

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Los Angeles' luxury hotels have done better than other segments, despite area employment layoffs and a decrease in convention business.

HOTEL BUSINESS

continued from page 96

THE LODGING TOP 40

1. THE SHERATON CORP.

1989 F&B sales: \$1,557.7MM
1989 F&B units: 1,718

2. MARRIOTT LODGING DIV.

1989 F&B sales: \$1,303.6MM*
1989 F&B units: 662*

3. HILTON HOTELS CORP.

1989 F&B sales: \$1,094MM
1989 F&B units: 1,213

4. HOLIDAY INN HOTELS

1989 F&B sales: \$869MM**
1989 F&B units: 2,786**

5. HYATT HOTELS CORP.

1989 F&B sales: \$863.9MM*
1989 F&B units: 350**

6. DAYS INNS OF AMERICA INC.

1989 F&B sales: \$610MM
1989 F&B units: 951

7. WESTIN HOTELS & RESORTS

1989 F&B sales: \$541.1MM*
1989 F&B units: 495

8. INTER-CONTINENTAL HOTELS CORP.

1989 F&B sales: \$475MM
1989 F&B units: 424**

9. QUALITY HOTELS INTL†

1989 F&B sales: \$414MM
1989 F&B units: 897

10. RADISSON HOTEL CORP.

1989 F&B sales: \$325MM
1989 F&B units: 360

11. RAMADA HOTEL GROUP

1989 F&B sales: \$271.9MM*
1989 F&B units: 117*

12. HYATT INTL. CORP.

1989 F&B sales: \$242MM
1989 F&B units: 221**

13. STOUTER HOTEL CO.

1989 F&B sales: \$227.5MM*
1989 F&B units: 112

14. BALLY CASINO RESORTS

1989 F&B sales: \$195.5MM*

1989 F&B units: 29*

15. EMBASSY SUITES

1989 F&B sales: \$190MM
1989 F&B units: 99

16. THE RITZ-CARLTON HOTEL CO.

1989 F&B sales: \$166.1MM*
1989 F&B units: 42

17. OMNI HOTELS CORP.

1989 F&B sales: \$159.6MM
1989 F&B units: 86

18. RED LION

1989 F&B sales: \$146MM
1989 F&B units: 129

19. HARRAH'S CASINO HOTELS

1989 F&B sales: \$140.3MM
1989 F&B units: 31

20. CAESAR'S WORLD INC.

1989 F&B sales: \$139.1MM
1989 F&B units: 38

21. THE TRUMP ORGANIZATION

1989 F&B sales: \$129.5MM*
1989 F&B units: 30*

22. DOUBLETREE HOTELS

1989 F&B sales: \$124.9MM*
1989 F&B units: 100

23. TRUSTHOUSE FORTE HOTELS

1989 F&B sales: \$101.8MM*
1989 F&B units: 118*

24. LOEWS HOTELS

1989 F&B sales: \$100MM
1989 F&B units: 80

25. RESORTS INTL. INC.

1989 F&B sales: \$87.9MM
1989 F&B units: 26

26. PRINCESS HOTELS INC.

1989 F&B sales: \$83.9MM*
1989 F&B units: 34

27. CIRCUS CIRCUS ENTERPRISES

1989 F&B sales: \$81.3MM
1989 F&B units: 28

28. PRIME MOTOR INNS

1989 F&B sales: \$75MM
1989 F&B units: 78

29. FAIRMONT HOTEL CORP.

1989 F&B sales: \$65MM
1989 F&B units: 23

30. THE REGISTRY HOTEL CORP.

1989 F&B sales: \$63MM
1989 F&B units: 15

31. THE BOYD GROUP

1989 F&B sales: \$60.7MM
1989 F&B units: 27

32. POINTE RESORTS

1989 F&B sales: \$55.4MM*
1989 F&B units: 11

33. ADAM'S MARK HOTELS

1989 F&B sales: \$55MM
1989 F&B units: 28

34. SHOWBOAT INC.

1989 F&B sales: \$53.7MM
1989 F&B units: 12

35. AZTAR INC.

1989 F&B sales: \$49.9MM
1989 F&B units: 47

36. AMFAC RESORTS INC.

1989 F&B sales: \$40.7MM*
1989 F&B units: 21*

37. HELMSLEY HOTELS

1989 F&B sales: \$40.7MM*
1989 F&B units: 15**

38. SONESTA INTL. HOTELS CORP.

1989 F&B sales: \$39.1MM*
1989 F&B units: 30

39. GOLDEN NUGGET CASINOS

1989 F&B sales: \$39MM**
1989 F&B units: 18

40. GUEST QUARTERS SUITE HOTELS

1989 F&B sales: \$26.9MM
1989 F&B units: 29

All figures in \$ millions. Source: 1990 R/I 400 data.
*R/I estimate; **company estimate
†Renamed Choice Hotels Intl.

R/1

ACTION EXPRESS

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